

CEDAR POINT FINANCIAL SERVICES, INC.

A wholly owned subsidiary of Cedar Point Federal Credit Union

September 26, 2011

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Email: regcomments@ncua.gov

Re: Comments to the Proposed Amendments to the
NCUA Regulations re: CUSOs 12 CFR Parts 712 and 741

Dear Ms. Rupp:

Cedar Point Financial Services, Inc. (CPFS) is a single member CUSO owned by Cedar Point Federal Credit Union (CPFCU). The CUSO exists to help the credit union build and maintain Insurance, Business, and Financial Management Planning and Education programs that bring added value to its membership. Our unique business model saves credit union members sizable savings each year while allowing CPFCU to give back to more effectively give back to its membership.

CPFS was established in 1994 as a financial service CUSO with its dominant product offering being mortgage service origination and servicing. At the recommendation of the credit union's NCUA examiner the dominant portion of the mortgage portfolio was moved back to the credit union in 1997 and while mortgage services are still a part of the CUSOs product line its primary products and services today are insurance, business, and planning/education programs. The value added by offering these products and services through CPFS are not always visible in our balance sheet, in turn raising questions regarding the regulation change to included:

- How does NCUA expect to see the value of CUSOs to credit unions or analyze risk solely through a balance sheet or income statement?
- What will be NCUA's standards of review for CUSO success?
- Does NCUA intend to shut down a CUSO that does not have a large balance sheet or income statement regardless of the positive financial or service impact the CUSO has for its credit union owner(s)?

CPFS is proud of its past compliance record and external audit results which have been exemplary since its 1994 inception. While I understand NCUA's desire to effectively and consistently regulate the credit union industry, the proposed regulation increasing its authority over CUSOs is not the answer. If passed, this regulation will narrow the gap between credit unions and banks making it even more difficult to remain competitive. CUSOs offer a unique business model that affords credit unions the opportunity to be competitive in areas we would otherwise lag. With the existing external audit, outside regulatory agencies governing specific products and services such as the SEC and insurance commissions, and indirect authority currently allowed to NCUA we are struggling to see why such regulation and oversight is needed? After all, the aggregate amount invested in and loaned to CUSOs is only 22 bps of industry

assets. In addition, each credit union's CUSO investment risk is less than 1% of its assets. NCUA already has the ability to examine the books and records of the CUSO and exercise full leverage over the credit union owners to resolve any safety and soundness issues.

As long standing members of NACUSO, we agree with their concerns and support their revision to the CUSO Regulation. The answers to the questions posed by NACUSO are important to a CUSO like CPFS and believe they warrant further review and response.

We are certain the regulation as proposed will have a detrimental effect on CUSOs and the credit unions that invest in them. We thank you for the opportunity to comment and respectfully request that NCUA withdraw the proposed Amendment.

Sincerely,

A handwritten signature in cursive script that reads "Colleen S. Blundell".

Colleen S. Blundell
Vice President, CUSO

cc. The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Gigi Hyland, Board Member