CEDAR POINT FEDERAL CREDIT UNION

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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:

Please be advised that Cedar Point Federal Credit Union (CPFCU) strongly opposes the above referenced amendment to the NCUA Regulations regarding CUSOs for the following reasons.

Cedar Point Federal Credit Union is the sole owner of Cedar Point Financial Services, Inc. (CPFS). As the credit union's CUSO CPFS provides many services to credit union and local community members, to include: insurance services, lending services, merchant processing services, educational seminars, and research and development for the credit union. The CUSO's business model provides our members sizable savings every year. In addition, the revenue generated from our CUSO allows CPFCU to more effectively give back to our membership.

While I understand NCUA's desire to effectively and consistently regulate the credit union industry, the proposed regulation 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.

As a CUSO owner the credit union is 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.

NCUA's two reasons for imposing authority over all CUSOs do not justify new regulation. NCUA's desire to have the same regulatory authority as banks' regulators have over bank operating subsidiaries yet there is no evidence that the banks' regulatory authority over those subsidiaries has resulted in mitigating loss. NCUA sites substantial loan losses realized by business lending CUSOs as a dominant reason for the change. Even if CUSOs making business loans pose risk that requires addressing, increasing regulatory authority as a cure for these losses to all CUSOs is misguided when business lending CUSOs make up less than 1% of total CUSOs.

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As you are aware, a CUSOs value is measured by the success of its credit union owner(s) not necessarily the income generated by its services. CPFS was created to help our credit union grow its membership not necessarily to make a profit. Attempting to assess the true value CUSOs bring to credit unions by looking solely at their financial statements is simply not realistic.

We ask that the NCUA withdraw the proposed Amendment. On behalf of our 31,520 members who will be adversely affected by this proposal, I would like to thank you for considering our response.

Sincerely,

Barbara Horn

Barbara Horn
President, CEO

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