

March 10, 2006

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22341-3428

Subject: Request for Comment – Field of Membership: Part 701; IRPS 06-1

Dear Ms. Rupp:

We have reviewed the subject, and respectfully offer our comments for NCUA consideration. In general, we recognize the need to address and manage legal risks related to underserved field of membership charter (FOM) amendments; however, the proposed rules do not appear to be designed to address known problems or issues with current law, legal precedents, or safety and soundness; rather, the rules appear designed to eliminate legal challenges from bank trade and lobby groups. Consequently, we respectfully disagree with the proposed rules.

The ability to help improve community access to financial services and to assure sufficient competition in underserved areas is greatly impaired when a significant portion of the credit union movement is not allowed to participate. Clearly, greater choice through competition is in the best interest of members, potential members, and the community as a whole. By prohibiting non-multiple common bond credit unions from serving underserved areas, the proposed rule falls squarely in line with those who seek to eliminate the credit union alternative in the marketplace, as competition would be eroded.

The revision requiring a service facility *within* the underserved area is not **necessary**, and we oppose this proposed change. Instead, we continue to support NCUA's current approach, which considers the reasonableness and effectiveness of each credit union's plans to serve a proposed underserved area by reviewing, on a case-by-case basis, retail trade and commerce patterns of the area, current market penetration, the feasibility of branch development, and the credit union's track record in serving previous underserved FOM additions.

Numerous credit unions have proven that effective service can be achieved without a facility in certain underserved areas. In these instances, service to the area is efficiently attained in the short- to intermediate-term; and cost justification for future branch development in the area improved when sufficient market share is acquired or reasonably expected.

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The proposed service facility requirement fails to recognize that electronic delivery and other self-reliant service alternatives are competitive methods of providing service to members. Furthermore, our experience supports that, in many instances, commuting for retail, entertainment, and medical purposes are indicators that outlying members can be adequately served without placing a service center in the immediate geographical location of a target group. Of course, credit unions that ignore the importance of convenient consumer proximity may find themselves at a competitive disadvantage; however, competitive strategies are the responsibility of credit union management to be formulated without regulatory guidance.

We respectfully request that NCUA consider the preponderance of evidence when determining the need for a service facility within a proposed underserved area, as to do otherwise would force many credit unions to acquire fixed assets when such is not necessary or feasible, due to lack of market penetration. Without this flexibility, many underserved areas may not garner sufficient interest from credit unions, due to this onerous requirement that appears designed to appease outside critics of credit unions rather than to address service deficiencies to existing underserved FOM areas, even though such service deficiencies are not apparent at this time.

Thank you for considering the comments of Security Service Federal Credit Union. If you have any questions or require clarification, Chief of Staff Howard Baker or I am available at your convenience at (210) 476-4550.

Sincerely,



DAVID E. REYNOLDS
President & CEO