

YOUNG, SHERON

From: _Regulatory Comments
Sent: Tuesday, March 07, 2006 8:51 AM
To: YOUNG, SHERON
Subject: FW: FOM Policy Changes

March 6, 2006
Mary Rupp
Secretary of the Board
National Credit Union Administration
1776 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp,

The Board, management and staff of Sun East Federal Credit Union would like to thank NCUA for the opportunity to comment on the proposed field of membership policy changes.

I would like to provide third party background information which we believe supports the current policy of permitting all credit union charters to serve those individuals in underserved areas. Current estimates are that 10 million American households are unbanked or underbanked. On November 3, 2003 in Washington, D.C., the FDIC held a symposium on tapping the unbanked market. Here's an opening statement, "These cash consumers paying excessive fees for basic financial services are susceptible to high-cost predatory lenders, or have difficulties buying a home or otherwise acquiring assets." Professor Michael Barr, Assistant Professor of Law at the University of Michigan, was for five years the architect of much of the Clinton's Administration and Policy Development with respect to the unbanked states, ". . . Banks, thrifts, and credit unions – the main suggestion is to experiment more with low cost electronic banking accounts. . ." He didn't just mention banks, but included credit unions to serve the unbanked. Credit unions are answering the call to serve the unbanked by providing low cost financial services to the underserved areas in our field of membership. This is happening whether the credit union is SEG based or has a community charter.

As a result of a strategic decision to protect a credit union's future by adopting a community charter or seeking underserved areas, we see no valid reason to remove approved underserved area memberships from credit unions that change to a community charter or are a single sponsor SEG. We believe, in essence, it will be self-policing. If credit unions don't provide the necessary financial services to an underserved area, the residents won't use the credit union – in effect - removing itself from the credit union's charter. Credit unions have invested capital and human resources in anticipation of membership growth and serving those in the area and removing the lifeblood – potential members – would spell a certain death to those credit unions --- exactly what the banking industry desires.

It is our desire that NCUA remains steadfast in supporting the intention of the language of the Credit Union Membership Act of 1998 to provide credit union services to those individuals needing access to affordable financial services.

Thank you for the opportunity to comment.

Respectfully,

Domenic DiPillo

Vice President Marketing & e-Commerce
Sun East Federal Credit Union

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