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July 31, 2007

Ms. Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

**RE: Comments on Proposed Changes to 12 CFR Part 701
Chartering and Field of Membership for Federal Credit Unions**

Dear Ms. Rupp:

In 1999, Star USA Federal Credit Union (Charter #911) converted from a single occupational charter to a community charter. Since that conversion, this credit union has expanded into underserved areas in West Virginia, a region which has become an attractive target for predatory lenders as the economy has continued to decline. As the economic future for the state remains bleak, it becomes even more important for credit unions to have a regulatory environment that allows them to expand and remain competitive.

As outlined in #7 of the Proposed Changes (Community Charter Mergers), it is NCUA's desire to maintain the status quo and not allow merging community charter credit unions to combine their fields of membership. A community charter credit union may not merge with a SEG based credit union if the SEG's are outside the original defined community. These restrictions limit the ability for community based credit unions to expand and further serve markets that need a strong credit union presence. If, as stated in #7, "NCUA is unaware of any particular problems in this merger context," additional dialogue is needed with community based credit unions in rural areas that are facing a declining economy.

As a result of community credit unions facing limited merger options and without the ability to add underserved areas, the current regulatory environment is not conducive for growth. Therefore, we strongly urge the NCUA Board of Directors to reconsider the merger options for community credit

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tions and provide regulatory relief in order for communities to be combined. We also request the ability to expand into underserved areas. Although H.R. 37 would offer such relief, it appears unlikely that this Bill will pass. The proposed rule does not address this area. The revisions to Part 701 should include language allowing community based credit unions to add additional underserved areas as was stated in the Membership Act.

Thank you for your consideration and attention in this matter.

Sincerely,



Daniel Smithson, Jr.

President