



November 14, 2008

Mary Rupp, Secretary
National Credit Union Association
1775 Duke Street
Alexandria, VA 2234-3428

Re: *Proposed NCUA Part 740.4 Amendments*

Dear Ms. Rupp:

On behalf of Unitus Community Credit Union we appreciate the opportunity to comment on NCUA's proposed amendments to Part 740.4, to revise and update this rule to avoid member confusion at the Credit Union's staffed facilities for receiving depositing. We are a member of the FSCC shared branch network.

We agree with the NCUA's general approach to clarify the exception for deposits at shared branch facilities and to replace the content of the signage to a form less burdensome to our Credit Union. However, we believe the proposed rule continues to be unnecessary and burdensome.

1. Sec. 740.4 Requirements for Official Sign. We agree with NCUA's proposal to replace the current shared branch sign that requires a listing of all credit unions served by a shared branch network and their insurance status. The proposed sign content is a significant improvement and will be less confusing for members making deposits at shared branch facilities. The proposed rule also reduces the costly burden of updating and replacing signage every time a new credit union joins the FSCC shared branch network.

2. NCUA Part 740.4 (c) Remains an Unnecessary Regulatory Burden.

NCUA Part 740.4 (c) remains an unnecessary regulatory burden for three reasons:

- NCUA has provided no findings or even one instance of member confusion warranting the signage required under Sec. 740.4(c)
- The proposed signage content remains potentially confusing and could be revised to make a more direct distinction between federally insured and non federally insured deposits.
- This regulation is an attempt to indirectly regulate privately insured credit unions, but the entire burden falls on federally insured credit unions.

a. No Findings of Member Confusion. This rule has existed for 37 years and the most recent amendments to the signage for shared branch facilities have been in place for 10 years. In its proposal, NCUA has not provided any findings or factual support of any member confusion of a credit union shared branch facility. In the absence of any factual support of actual or potential member confusion, it is clear this regulatory burden is unnecessary.

b. Simplifying the Signage.

Form. In addition to the content confusion, NCUA's proposed form of the sign will also lead to member confusion. NCUA is requiring the 2nd sign to be in the same design, color and font as the NCUA official sign. This will only create more confusion rather than reduce confusion. If NCUA wants to reduce confusion, the design, font and color should be distinctly different rather than the same as the NCUA official sign.

Content. The proposed 2nd sign for use at shared branch facilities remains wordy and provides an inadequate distinction between federal and privately insured credit unions. It is likely to increase, rather than reduce confusion for the member of a federally insured credit union.

The message of the 2nd sign does not need to be directed at the member of the federally insured credit union. The member's share deposit of the shared branch facility of a federally insured credit union is protected by federal insurance and sign #1 clearly reflects such a message. That member (home member) is not informed or benefitted by a 2nd companion sign that mentions that other credit unions may or may not be federally insured. Rather the message on a 2nd sign ought to be directed toward the member of the privately insured credit union (host member) to ensure they do not misunderstand or incorrectly assume their deposit at a shared branch facility is federally insured.

We believe the NCUA signage (Sign #2) could be simplified to have a more direct message as follows:

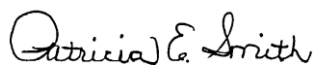
“Deposits by members of privately insured credit unions are not federally insured by NCUA.”

c. Unfair Burden on Federally Insured Credit Union. The entire premise of NCUA's Rule 740.4(c) and continued by the proposed rule is to ensure that members of non federally insured credit unions are not confused regarding the insurance status of their accounts made at shared branch facilities of federally insured credit unions. However, the entire burden of informing the members of non federally insured credit unions has been placed upon and remains solely upon federally insured credit unions. Under proposed 740.4(c) (3), there is no regulatory requirement upon the tellers of the non federally insured credit unions; the very activity to which this regulation was intended.

Based on the lack of any findings or supported need for this rule and the continued burden and cost the proposed signage will cause federally insured credit unions, we urge NCUA to exercise its authority to reduce rather than increase unnecessary regulatory burdens by repealing Part 740.4 (c) in its entirety.

We appreciate the opportunity to comment on these matters.

Sincerely,



Patricia E. Smith
President/CEO
Unitus Community Credit Union

Cc: Sarah Canepa Bang
Financial Service Centers Cooperative, Inc.