



Cosden Federal Credit Union  
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March 31, 2010

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

REF: Proposed Rule (IRPS 09-1) Field of Membership

Dear Ms. Rupp:

I would like to thank you for the opportunity to comment on the above proposed regulation. As a small (\$25 Million Assets) credit union in West Texas (very rural area) many of the proposed changes will not have any direct effect on our credit union. So I will defer to those credit unions for comments in those areas. There are two areas of concern to our credit union in the proposed regulation.

**Concern #1: The definition of a rural district as a contiguous area that has more than 50% of its population in census blocks that are designated as rural and the total population of the area does not exceed 100,000 persons.**

As I have indicated our credit union is located in a very rural area of Texas, yet within a distance of about 100 miles there are three (3) cities with a population in excess of 100,000 and two others with populations of over 88,000. The surrounding counties have a very small population but the limit of 100,000 would preclude credit unions of begin allowed to provide the benefits of credit union membership to the surrounding counties. I do believe that increasing this number could be of a benefit to many individuals that may not have current access to a credit union.

**Concern #2: Emergency Mergers and the definition of an emergency merger, as well as other voluntary mergers between community and SEG credit unions.**

Waiting for a credit union to be beyond all hope before allowing an emergency merger is about the same thing as a saying we have in West Texas. Once the cows have left the barn there is no need to close the doors. Once the credit union has reached the level to be considered eligible for an emergency merger there may not be any other credit unions willing to accept what is left in a traditional merger. Often time in this situation the members have lost confidence in the credit union to provide service and have moved on to another institution and the employees have lost interest so the potential for the surviving credit union is extremely limited. Therefore the NCUSIF must grant guarantees and assistance before a merger partner can be found.

Had the merger taken place early on, while the merging credit union was still providing necessary services to the members, a merger without NCUSIF involvement may have been completed. This would allow the surviving credit union to continue to provide service to the existing members as well as potential new members with the result being a much stronger surviving credit union.

The other issue with potential mergers is the restrictions placed on Community credit unions merging with SEG based credit unions. There may be times when a smaller community credit union is in a position that a merger is in the best interest of the membership of the credit union however they would have to be the surviving credit union. Finding a credit union that would accept a merger and not being the surviving credit union would be very difficult, if not impossible. This concept simply does not work best for the credit union industry. This issue should, and could, be fixed in the new regulation by allowing the merging credit unions to determine which credit union will be the surviving credit union thereby accepting that credit unions FOM.

As an example we have a number of education based credit unions in West Texas, as well as the rest of the state and nation as well, that serve a number of rural school districts in their FOM. We also have a number of smaller credit unions that have been approved as a community charter serving only one county, or perhaps only a small portion of the county.. If two of these credit unions, one and Education SEG serving multiple school districts in multiple counties and the other a community based serving only one county, or a smaller area, determined that a merger would be in the best interest of the members of both credit unions, it would in fact have a very negative impact on both credit unions, their members, and potential members. By only a very minor change to the merger rules these situations could be avoided. I would urge the Board to consider the necessary changes in the merger rules and these changes be included in the new Field Of Membership Rule.

Thank you for the opportunity to comment on these proposed regulations. Hopefully the NCUA will take these comments into consideration and modify the proposed rule to make it more reasonable and practical for credit unions to use which will allow them to continue to provide low cost products and services to all their members and potential members.

Sincerely,

David A. Roman, CEO  
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