

February 13, 2006

FEB 17 '06 AM 11:47

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

Re: Notice of Proposed Rulemaking – 12 CFR Part 701

Dear Ms. Rupp and Members of the NCUA Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves 112,000 members in southern New York and northern Pennsylvania. We object vehemently to the recent ban imposed on community charter and single sponsor credit unions disallowing underserved additions to our charter. We are dismayed by the prospect that further rulemaking could prohibit us from adding members from our underserved areas. This action, if taken, will cost our members millions of dollars and will restrict their access to financial services and effectuate the loss of a trusted advisor. The services Visions FCU provides cannot be replicated by other financial entities in the areas we were chartered to serve, particularly the commercial banks serving the areas we would be forced to vacate.

According to NCUA's interpretation of the Credit Union Act, Visions FCU acted in good faith when we applied and received approval to serve our underserved areas. Knowing this makes it particularly disheartening to find that NCUA might be contemplating forcing us to deny future services and close our office doors to these underserved areas which NCUA had previously approved. There are close to 200 other credit unions in this country that also acted in good faith that will become victims and bear a great financial burden should this ban be extended to signing up future members.

It is therefore imperative that NCUA does not repeal or revoke the ability of community charter and single sponsor credit unions to serve their existing underserved areas. The fact that the current ban and this proposed regulatory change will not allow future expansion for these types of credit unions, potentially denying millions of Americans the opportunity to have credit unions service within their communities in the future is disturbing enough.

Visions FCU currently serves members at six office locations throughout the four counties where we have underserved charter additions (Bradford County, Pennsylvania and Chemung, Schuyler, and Onondaga Counties in New York). Visions FCU has been established in the Upstate New York region for 40 years, and our history and presence have provided us with a



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solid understanding of and commitment to our underserved residents and their financial needs. We wish to continue to assist with the economic development efforts in these communities through our savings and lending programs and community involvement.

The strength of Visions FCU's operation makes this credit union an ideal institution to assist underserved areas with their financial needs. Visions FCU recognizes that it has a strong social and economic responsibility and, as a result, must contribute and has contributed to the strength and stability of the underserved communities we serve and are committed to. We are actively involved in civic affairs and community programs and provide charitable donations to help improve the communities we serve and help educate members and potential members residing there.

In this brief comment letter, we hope to give you information on the communities that we serve as underserved additions to our field of membership and our accomplishments in them so that you understand how our credit union has truly distinguished itself in these areas as a member-owned financial cooperative where service and financial education mean more than how much profit we can make. We believe that part of our mission is to help build wealth in these communities and that by doing so our new members and the credit union will both share in financial success.

In the proposed rule, several questions were raised on which we would like to comment. In doing, so we will attempt to add some background concerning our own particular history with the underserved areas that we currently serve.

In regard to NCUA's authority to permit expansions into underserved areas for all three charter types, we believe NCUA should continue to have the authority to grant underserved charter additions to not only multi-group credit unions, but also to community charter and single sponsor credit unions. This authority existed before the passing of the Credit Union Membership Access Act (CUMAA), and we agree with your own assessment that the legislative history of the act at the creation of the multi-group charter were not meant to prohibit other charter types from serving underserved areas. We understand, as is stated in the comment letter, "statutory language is susceptible to different interpretations." We also understand the intent behind the ban on new charter additions is well meaning – but respectfully disagree with the action.

In answer to the question raised as to the impact of limiting expansions into underserved areas to multiple common-bond credit unions only: We feel that although there are many fine multi-group federal credit unions throughout the country, many of the largest and most successful credit unions – and those best able to serve underserved areas because of existing branch networks, capital, and resources – are community chartered credit unions. The restriction on what types of credit unions can serve the needy portion of our country's population will act to limit their choice, and perhaps whether credit union service is available at all, in the future.

Even though it does not affect our credit union, we still feel, in answer to your query, that if a multiple common-bond credit union converts charter type it should be able to retain previously approved underserved areas of service. To do otherwise could pose a threat to the safety and

soundness of a multi-group credit union that needs to convert to survive, but cannot because it might have to write off the investment in an underserved area not covered by the new charter. Either way – the credit union becomes weaker financially and the risk to the insurance fund becomes greater.

Before detailing the specifics about the underserved communities we serve, we would like to stress that we offer a wide array of products and information for our members in these areas geared towards serving people of modest means and helping them to save money on loans and build wealth.

Various products instituted by Visions FCU since acquiring our underserved communities include, but are not limited to:

Financial Literacy Education

Relationships are encouraged with low income organizations in communities we serve which provide financial literacy training and education by our branch managers and staff. A program has been created for both teens and elementary age to teach the basics of saving, budgeting, and credit.

Mortgage Programs

Includes a 103% community home-buyers mortgage, Fannie Mae Flex 97 and 100 programs, and a 40-year term mortgage product.

First Time Home Buyers Program

This program provides affordable financing for members purchasing their first home with 100% financing and no PMI insurance, which results in considerable savings to the members.

Emergency Loan Product

A loan for \$1,000 or less that is issued to assist a member with a crucial or immediate need (i.e., car repairs, home repairs, etc.).

Credit Builder Loan

Provides members who have poor or limited credit a means by which they can re-establish or establish a good credit rating, while promoting savings.

Risk-Based Lending

Allows our members with less than perfect credit to borrow at the credit union. The rates offered are lower than what otherwise might be available to these borrowers.

My Own Loan

Available to members 14 - 18 years of age with parental consent. Helps younger members develop an understanding of the value and responsibility of using credit.

Debt Counseling

A free member service designed to assist members with debt problems. The service includes workout loans with extended terms.

Youth and Young Adult Programs

Available through Moola Moola, Teen Smart, and Smart Start programs and promote the value of establishing a regular savings program. The credit union also offers students and young adults credit cards, debit cards, and loans.

Consistent Loan Rates

The credit union does not discriminate between rates available through an indirect source (i.e., auto dealer) and those available directly from the credit union.

No Minimum Balance Savings Accounts

There are no minimum balance requirements on savings accounts (including children accounts).

Small Saver Share Certificates - \$500 minimum

This account allows members of modest means to take advantage of higher rates and tax benefits.

IRA Accumulator Account - \$25 minimum

This account allows members of modest means to take advantage of higher rates and tax benefits.

Small Business Loans

These loans are designed to provide funding to the small business owner. Loans are initiated, underwritten and decisions are made locally. We have received an award from the SBA for lending in our community. We have made hundreds of loans to small businesses in Broome, Tioga, Chemung, Schuyler and Chenango Counties, New York as well as in Bradford County, Pennsylvania.

No Surcharge ATMs / ATM Service

Visions FCU offers surcharge free ATMs to members and non-members alike. Credit union members are also allowed five (5) non-proprietary ATM transactions per month before they are charged for using non-Visions FCU ATMs.

In-School Programs - Financial Literacy

The credit union currently provides 25 area high schools with a Personal Finance@ teacher curriculum. Teachers are provided with student workbooks and teaching guides and, whenever possible, credit union staff makes in-school presentations.

Member Seminars

Throughout the year the credit union offers free member seminars covering a wide range of topics:

- Financial / Retirement Planning
- Home Buying and Selling
- Car Buying
- Defensive Driving
- Long-Term Care Insurance
- Internet / Electronic Services
- Estate Planning
- Identity Theft

In addition, Member Service Representatives are located in lobbies to educate members regarding automated services

Bi-Monthly Newsletter

The newsletter is sent to all member households. It provides information about credit union services / products as well as educational information concerning a variety of financial topics.

Website and e-Newsletter

Information about credit union products/services/events/seminars is available through the credit union's website. The e-Newsletter is sent to members who have provided e-mail addresses.

Online Information

The credit union provides free access to the Internet through the Net Café at the Information Technology Center in Endicott. Members also have access to real estate and auto pricing/financing information through our Home Solutions and Auto Center

Information Centers

Product and service information centers are available through many affiliated employers and are updated on a regular basis.

Membership Literature

Three (3) foreign language membership brochures (Bosnian, Russian and Vietnamese) have been written and distributed through organizations such as the American Civic Association and the Refugee Settlement Program.

Goals

The credit union has set strategic goals for a percentage of its membership to be represented from areas designated as underserved and/or low income.

Community Assistance

We provide assistance to local food bank cooperatives through providing both financial contributions and collection center locations.

We would like to answer your questions concerning our investment in the underserved areas that we serve and the impact to the members and to our credit union if restrictions are placed on future service in them by reviewing each county that we serve.

Below we have detailed specific information about our branches located in the underserved areas and the impact on the communities served. Please note that the number of members in each office and average loan and deposit balances is compared to our core membership in Broome and Tioga Counties (New York).

If the regulations are further changed to restrict our credit union from adding any additional members in these areas, we are assuming in these scenarios that we will be forced to close the branches and have listed the financial cost to our membership of closing the offices.

Bradford County, Pennsylvania Underserved Area Profile of Visions FCU Investment and Impact to Members

Visions FCU has two office locations, Sayre and Wysox, in Bradford County, Pennsylvania. This underserved addition to our charter was approved by NCUA in November 1999.

Of households served by Visions Federal Credit Union in this area (which we are able to identify through census information), 36.79% are located in ZIP Codes where incomes are below \$30,000. Median wages are \$40,000 in Wysox and \$42,000 in Sayre; 9.8% of families in Wysox and 7.1% of those in Sayre have incomes that fall below the poverty line.

Average credit scores on approved loans are 29 points lower in this underserved area than among Broome and Tioga Counties, New York (our core community charter membership) members demonstrating that we are making loans to higher risk borrowers and serving this underserved community.

If our credit union were not in this underserved area, charitable contributions totaling \$3,843 in 2005 would not have been made to the worthwhile community groups and activities that Visions FCU supports as part of its responsibility and commitment to this community.

Financial literacy programs have been provided to Bradford County school districts by our credit union in the format of Cemark financial education program presentations in an effort to bring financial education to the youth of the county. Students are presented with a program outlining basic financial services, they are given educational material and encouraged to ask questions throughout the program. There are plans to expand financial literacy/education in 2006 to include financial education sessions held within the branch on a weekly basis.

We take special pride in the fact that \$7,960,000 in mortgage loans were made to members in the underserved area of Bradford County in the last two years.

Wysox, Pennsylvania Branch Office

This branch opened in October 2000 and now has approximately 1,900 members.

Avg Share Balance (savings) of \$768	(vs. \$4,679 in Broome/Tioga)
Avg Draft (checking) Balance of \$1,382	(vs. \$2,543 in Broome/Tioga)
Avg Loan Balance without mortgage of \$12,819	(vs. \$11,649 in Broome/Tioga)
Avg Loan Balance with mortgage of \$16,580	(vs. \$24,191 in Broome/Tioga)

Cost to close this branch is estimated to be \$21,387.

In this area, we have seen downsizing at several local manufacturing plants (DuPont & Osram - Sylvania) and few new positions being added at other facilities. Positions that become available through normal attrition are being absorbed by employees already on staff or filled through temporary agencies. Jobs filled through temporary agencies are at lower pay and have fewer benefits.

A majority of students who continue their education beyond high school are not returning to the Bradford County area, resulting in a less educated population and myriad problems associated with lower income/lower educated populations.

Rural areas such as Wysox, Pennsylvania necessitate actions which are conducive to credit union membership and philosophy of "People Helping People." Visions FCU acts as a resource for its membership by providing educational materials (SBA seminars, financial literacy seminars, one-on-one counseling, etc.). Since establishing a branch office in October 2000, we have strived to establish an excellent relationship within the community by sponsoring and participating in various community events. The branch manager participates in meetings and

events of the Wysox Chamber of Commerce, Central Bradford County Chamber of Commerce, and Towanda Business Association as a representative of Visions FCU. She is also involved in many community organizations and events, such as Bradford County 4H, whose mission is to enhance educational experiences, build leadership skills, and encourage and develop interests of diverse youth through discovery learning.

Sayre, Pennsylvania Branch Office

This branch, opened in November 1999, was replaced in December 2001 and has approximately 2,678 members

Avg Share Balance (savings) of \$2,173	(vs. \$4,679 in Broome/Tioga)
Avg Draft (checking) Balance of \$1,587	(vs. \$2,543 in Broome/Tioga)
Avg Loan Balance without mortgage of \$11,145	(vs. \$11,649 in Broome/Tioga)
Avg Loan Balance with mortgage of \$18,530	(vs. \$24,191 in Broome/Tioga)

Cost to close this branch is estimated to be \$765,248.

The economic challenges near the Sayre office are similar to those in Wysox. A local manufacturer, Paxar, is potentially closing by year end. It employs approximately 200 people in this area. Several of the major manufacturers – Leprino Foods, Mills Pride and Rynone – in this region are only hiring through temporary agencies. Many local residents travel to the surrounding areas (such as Owego, New York) to work due to lack of new business in this area.

The manager of this branch also belongs to and supports many local civic associations as part of our dedication to helping rebuild this community. She conducts financial literacy classes at a local school on behalf of Visions Federal Credit Union. She tells a story about serving a member at her office which demonstrates the difference between Visions FCU and other financial institutions. In her own words: "I feel that we offer products that other financial institutions in our area do not. An example is our credit re-builder loan. I had a member who had a business and had to file bankruptcy. He maintained his personal accounts with us, and I processed a credit re-builder loan to reestablish his credit. Since then his credit has improved so that he can borrow unsecured. He was very appreciative of this product as it helped him to improve his credit."

This is a real life example of how we help people in this rural community and what would be lost if Visions FCU had to stop serving people in Bradford County, Pennsylvania.

Chemung County, New York Underserved Area Profile of Visions FCU Investment and Impact to Members

Visions FCU has two offices, Horseheads and Elmira, in East Central Chemung County, New York. This underserved addition to our charter was approved by NCUA in February 2001.

Of the households served by Visions Federal Credit Union in this community, 28.68% were located in ZIP Codes where incomes are below \$30,000 (as identified through census data).

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Median household income for this community is \$43,000 and 9.05% of the residents are living below the poverty line. While this area needs banking services, it is not attractive to most commercial banks.

Average credit scores on approved loans are 32 points lower in this underserved area than among Broome and Tioga Counties members, demonstrating that we are making loans to higher risk borrowers. Charitable contributions totaling \$9,187 in 2005 would not have been made to the worthwhile community groups and activities that Visions FCU supports as part of its responsibility and commitment to this underserved community if the credit union were not active here.

The Cemark financial literacy programs that Visions FCU provides to this community would be lost and not replaced if Visions FCU were not serving this underserved area. In the last two years, \$8,820,000 in mortgage loans were made to members in the underserved areas of Chemung County as well.

Elmira, New York Branch Office

This branch opened in February 2001 and now has approximately 2,830 members

Avg Share Balance (savings) of \$1,945	(vs. \$4,679 in Broome/Tioga)
Avg Draft (checking) Balance of \$1,673	(vs. \$2,543 in Broome/Tioga)
Avg Loan Balance without mortgage of \$10,159	(vs. \$11,649 in Broome/Tioga)
Avg Loan Balance with mortgage of \$19,609	(vs. \$24,191 in Broome/Tioga)

Cost to close this branch is estimated to be \$16,308.

There has been a great loss in manufacturing jobs in this area including: closing of Chase Pickens in January 2006 with over 200 people losing their jobs; 200 people furloughed from Hardinge Inc.; and Weyerhaeuser closed its doors in December 2005 causing the loss of another 200 jobs.

Horseheads, New York Branch Office

This branch opened in May 2004 and now has approximately 901 members.

Avg Share Balance (savings) of \$1,902	(vs. \$4,679 in Broome/Tioga)
Avg Draft (checking) Balance of \$1,550	(vs. \$2,543 in Broome/Tioga)
Avg Loan Balance without mortgage of \$11,234	(vs. \$11,649 in Broome/Tioga)
Avg Loan Balance with mortgage of \$ 26,902	(vs. \$24,191 in Broome/Tioga)

Cost to close this branch is estimated to be \$81,748.

Just as in nearby Elmira, the Horseheads area has had some setbacks, such as Toshiba Display closing its plant in Horseheads in December 2004 laying off 900 plus employees.

Some of the jobs in Horseheads and Elmira are being replaced by jobs in the retail sector, but at lower wages than the lost manufacturing jobs. This community needs our credit union to serve many people that other financial institutions do not want.

Recently, our Horsehead's branch manager relayed to us how he feels we are making a difference in this economically challenged community. "Visions has been able to provide credit for a great many individuals who could not or have had difficulty obtaining credit elsewhere. I can think of one example of a member who had been denied by his bank and other institutions and was approved by Visions. There have been numerous times that other members have been approved for loans at Visions when they had been denied elsewhere. I previously worked for a large bank where you had to have 'A' tier credit or were not approved."

Clearly, Visions FCU has kept its promise to NCUA to properly serve the citizens in this underserved area of Chemung County and is providing services other financial institutions are not.

Schuyler County, New York Underserved Area Profile of Visions FCU Investment and Impact to Members

Visions FCU has one office, Watkins Glen, in the Schuyler County, New York underserved area. This underserved addition to our charter was approved by NCUA in August 2003.

Of the households served by Visions Federal Credit Union, 31.98% are located in ZIP Codes where incomes are below \$30,000. Median household income in the area is \$36,000 and 8.80% of the residents are below the poverty line.

Average credit scores on approved loans are 25 points lower in this underserved area than among Broome and Tioga Counties members, demonstrating that the credit union is making loans to higher risk borrowers. In the last two years, \$2,016,000 in mortgage loans were made to members in the underserved area of Schuyler County.

If the credit union were not in this underserved area, charitable contributions totaling \$3,906 in 2005 would not have been made to the worthwhile community groups and activities that Visions FCU supports as part of its responsibility and commitment to this underserved community.

Again, as noted above, the financial literacy programs that Visions FCU provides to this community as part of its commitment to the community would be lost and not replaced if Visions FCU were not serving this underserved area.

Watkins Glen, New York Branch Office

This branch opened in August 2003, but moved in October 2004 and has approximately 783 members.

Avg Share Balance (savings) of \$1,448	(vs. \$4,679 in Broome/Tioga)
Avg Draft (checking) Balance of \$1,403	(vs. \$2,543 in Broome/Tioga)

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Avg Loan Balance without mortgage of \$12,226 (vs. 11,649 in Broome/Tioga)
Avg Loan Balance with mortgage of \$18,037 (vs. \$24,191 in Broome/Tioga)

Cost to close this branch is estimated to be \$850,843.

Tourism is one of the largest industries of Schuyler County, and based on the nature of the work, many people are employed seasonally. Many of these individuals change jobs frequently or are laid off from work for two to four months each year. This negatively impacts their ability to obtain loans from most lenders. Visions FCU is cognizant of this and looks at each circumstance individually so we can properly serve these members.

Even with the tourism industry, economic challenges are created by other companies in the area that have had problems. For example, Shepherd Niles Inc. filed bankruptcy and was forced to close down, resulting in approximately 300 employees being laid off and permanently out of work.

Visions FCU continues to work hard in this area to offer the best possible products for its members, whatever their financial situation. Our manager is very proud of her participation in financial literacy programs taught in the schools in the area and the specific attention given to each individual member who visits the office.

City of Syracuse, Onondaga County, New York Underserved Area Profile of Visions FCU Investment and Impact to Members

Visions FCU has one office in the Syracuse, New York underserved area. This underserved addition to our field of membership was approved by NCUA in July 2004. The small contact office was opened in mid-2005, with a full-service branch scheduled to open in the second quarter of 2006.

This is a new branch and numbers are not yet available since we only began signing up members in 2005; however, the areas that we serve in Syracuse are amongst the poorest in the county. The median income in Syracuse is \$25,000 vs. the median income of over \$40,000 for Onondaga County.

We have plans for a number of financial literacy classes in our specially designed member education center and look forward to working in this underserved community in the same fashion we have in the others in our charter.

Cost to close this branch is estimated to be \$950,000.

Conclusion:

Visions FCU objects to the ban on underserved additions to community and single sponsor charters that NCUA has enacted and proposes to make permanent by regulatory changes. If it is necessary to seek regulatory relief to lift the ban and correct the language in the CUMAA, we

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large NCUA to do so. Otherwise, the success Visions FCU, a community credit union, has had in serving underserved areas will be duplicated significantly less often in our country in future.

We are strongly against any suggestion that further regulations should be enacted to revoke our right to sign additional members from underserved areas previously added to our field of membership. As the numbers above demonstrate, over 9,000 members from our credit union alone would be affected, and our credit union would suffer roughly a \$2.6 million dollar write-off by closing these offices. We do not believe the intent of the CUMAA or NCUA in allowing us to establish these operations was to withdraw them later and cause this sort of damage to credit unions and their members. In addition, such a breach of trust could damage the industry's reputation beyond repair.

Visions FCU spent years of planning and many hours of staff labor and thousands of dollars establishing these operations in good faith. If a ban on signing up additional members is approved on top of the current proposed regulation and we are forced to close these branches, many of the members that we serve will be hurt financially because they will no longer have a choice. Banks will never provide such services when their goal is to put their profits into the hands of paid board members and stockholders rather than into the hands of their customers as Visions FCU does for its members. Check cashing services will flourish further in these areas, and the idea that people of modest means deserve counseling and help in building wealth will be just a memory.

To be told that we can no longer serve the members in these communities to whom we have opened our doors would devastate the members of these rural communities that have nowhere else to turn. The economy in these underserved communities is bleak. With major employers in these areas closing plants as the economies attempt to restructure themselves, members need a credit union to assist them in getting through these rough times. Our members depend on us and we believe we make a huge difference to their financial well-being.

In establishing a federal credit union system, Congress recognized that a primary purpose of credit unions was to make credit more available to persons of modest means. This does not mean that it is wrong for a credit union to serve anyone who qualifies for membership and wants value in their financial service provider, but it does mean we have a special mission to help those that may need us more. The board and management of Visions Federal Credit Union believe in this purpose. We also strongly believe that if their credit union were no longer available to these underserved communities, those people of modest means would suffer the most. It would be a travesty if our members' choices as to where they could do their financial business were further limited. They would be forced to do business with banks and check cashing services, pay higher fees, and would fail to receive products and services they can afford. This may be the dream of the American Bankers Association, we hope that you, as our regulator, will not assist them and weaken the credit union system by continuing this ban - or enacting even more restrictive regulations.

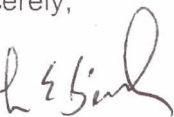
Shame on the ABA and the banking industry for filing this lawsuit in a jurisdiction where they knew they stood the best chance of winning and shame on them for being directly responsible for hurting the financial well-being of the citizens who need help most. The American Bankers

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ociation's "win" in court was a loss for the American consumer. Please consider every
sible way to get the ban lifted and avoid further restrictions against credit unions like Visions
J that do their best to help Americans fulfill *their* dreams.

erely,



Mark E. Berrish
sident/ CEO

NCUA Response 12 CFR Part 701.Doc

Mr. Dan Mica, President
CUNA

Mr. Fred Becker, President
AFCU