

Organization and Operations of Federal Credit Unions, Interpretive Ruling and Policy Statement 06-1

Comments on proposed rule part 701.1 - William L. Spearman – Mid-Hudson Valley FCU

Response:

At MHV we disagree with the action being considered by the NCUA board in restricting the ability, by charter, to serve underserved areas.

Credit unions have been challenged by the banking industry regarding its record in serving people of “modest means” and currently there is a bill that has been recently introduced in the NYS Assembly to invoke CRA type requirement on credit unions. While we are convinced that the banking groups don’t have it right it appears to be a victory on their part.

As a recently chartered community chartered credit union (2002) we began our focus on the three county community in which we serve. We have eight offices the serve this area and are working on our ninth as we speak. As part of our long term plan, it has always been our strategy to begin to serve underserved areas directly to the north of our current field of membership in Greene and Columbia Counties.

CUMAA, adopted in 1998, has been subject to considerable interpretation and of course as such is subject to external review.

I am sure that NCUA spent considerable time in reviewing the legal impact of its interpretation before in acting it, but it appears the agency is in retreat.

I understand the comments made regarding NCUA’s concern of investment in services of an underserved area, only to have some court reverse that decision.

But I quote directing from your own NPR “NCUA believes that the statutory language also reflects congress intent to make clear that this new charter type was authorized to add underserved area, not as the bankers argue, to prohibit the other two charter types from doing so”.

I guess the voice should lie with the credit unions at large. Let’s effectively stop the bankers from writing credit union regulations by adhering to the original interpretation on this issue.

