

**YOUNG, SHERON**

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**From:** \_Regulatory Comments

**Sent:** Monday, March 20, 2006 10:35 AM

**To:** YOUNG, SHERON

**Subject:** FW: QUESTIONS REGARDING THE PROPOSED IRPS (701.1)

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**QUESTIONS REGARDING THE PROPOSED IRPS**

1. Does NCUA have authority to permit expansions into underserved areas for all three federal charter types (single common-bond, multiple common-bond, and community charter)?

Please explain.

Yes, I believe that NCUA does have the authority to permit expansions into underserved areas for all three federal charter types thru the powers designated them via the Federal Credit Union Act.

2. Do you feel that NCUA should permit only multiple group credit unions to add underserved areas to their field of membership? What would be the impact of that limitation?

Please explain.

I agree that NCUA should permit only multiple group credit unions to add underserved charter areas to their fields of membership. I believe that some credit unions are applying for underserved charters only to increase their revenue by opening offices where other credit unions are already available to serve the underserved for that particular area. It's no different than a bank opening a branch on every corner. It dilutes the credit union movement and offers banks another tool to use in their quest to deny credit unions tax-exempt status.

3. If only multiple common-bond credit unions are permitted to add underserved areas, should they be permitted to retain these areas in the event they change charter type?

Yes  No

Please explain.

To not allow credit unions to keep the members they currently serve would go against the principle of, "Once a member, always a member." I do feel though that more credit unions will be forced to turn to community charters, as there ability to offer services to potential members will be severely restricted. In today's environment, only those credit unions that continue to grow will survive.

4. To what extent do non-multiple common-bond credit unions have existing investments in underserved areas? What types of investments are they? (For example, capital investment, loans, share deposits, and other programs targeting low income people.)

Please explain.

As we are a multiple common-bond credit union I'm not qualified to answer this question.

5. What would be the impact to members of underserved areas, and non-multiple common bond credit unions, of placing restrictions on the addition of new members in underserved areas they are currently serving?

Please explain.

I think if credit unions currently have an office in an underserved area they should be allowed to continue servicing that area. It would be cost prohibitive to credit unions that acted on good faith and built a new branch that they can no longer use to offer service to their potential member base.

6. Do you agree with the new provision requiring that a physical presence (service facility) be established in an added underserved area to ensure an active credit union role and better serve local residents?

Yes \_\_\_\_\_ No  X

I believe that the current regulation that requires credit unions to have branches in close proximity to the underserved areas they service sufficiently meets the needs of local residents. It's not financially possible to have a credit union office every five miles in some cases. You are depriving membership to individuals who may be just a block a way from the credit union, but are in a geographically different town. I agree that there should be an actual branch in the close proximity to the underserved area, not just an ATM, but I'd hate to see people that need a credit union that offers not cost loans and services be denied membership because they live two miles away in another town!

If not, what other method should NCUA employ to ensure that the service needs of the local residents in the underserved area are adequately met?

NCUA can ensure that the service needs of the local residents in an underserved area are adequately met when they come in to do a credit union's exam. The credit union would be responsible to provide NCUA with proof of what they have done to increase penetration into their underserved areas.

Thank you.  
Susan L. Hall

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