

Comments of Proposed Rule Part 701.1

March 23, 2006

To Whom It May Concern:

Thank you for this opportunity to comment on this proposed rule. The first item of limiting the addition of underserved areas to only multiple common-bond credit unions severely limits the ability of geographically based credit unions to provide needed services to those deemed “underserved”. The simple definition of “underserved” implies that we need to aggressively find financial institutions that are willing to step up and enter those areas to provide much needed financial services. Obviously, the bankers are not doing enough and should welcome any and all financial service providers to help this segment of our society. We should be looking for opportunities to facilitate financial institutions, specifically credit unions, in providing these needed services and not impede those who are willing.

The second item of defining and locating service facilities in underserved areas has some geographic flaws. I work for Mountain America Federal Credit Union in Utah and we are a multiple common-bond credit union. Our Select Employee Groups (SEGs) include all employees of the State of Utah, as well as Qwest Communications (the major telephone company in the mountain west) and Questar (the major natural gas supplier in Utah). Our SEGs cover the entire state of Utah, however, outside the main population center many communities don't have a population base large enough to sustain a profitable physical location. Our current branches service members from multiple counties. Residents in these rural areas accept the fact that driving many miles is a necessity in dealing with the everyday needs of life. Electronic technology has greatly helped these people, yet high mileage vehicles are an accepted fact of life.

According to the National Credit Union Administration (NCUA), “for an underserved area, the well-defined local community, neighborhood, or *rural district* requirement is met if:

The area to be served is in a recognized *single political jurisdiction*, i.e., a city, county, or *their political equivalent*, or any contiguous portion thereof;

The area to be served is in multiple contiguous political jurisdictions, i.e. a city, county, or their political equivalent, or any contiguous portion thereof and *if the population of the requested well-defined area does not exceed 500,000.*
(Italics added)

Parts of rural America, specifically Utah in this case, meet the underserved definition of a single political jurisdiction by having one state legislative district which may include all or parts of multiple counties. Each of these counties, or portions thereof, are contiguous. In Utah, some legislative districts cover up to 5 counties, with the representative living up

to 100 miles away, yet each district only includes approximately 40,000 residents. This also meets the second definition of not exceeding 500,000 residents.

For NCUA to require a physical location in each county would place an undue and heavy financial burden on a credit union trying to serve the “underserved”. However, a credit union can justify a physical location to service a “region” which possibly includes multiple counties. I therefore encourage you to consider that when you require a physical location to be present in every underserved area, that you allow for an underserved area to be more broadly defined than a county.

Our current application to service an underserved area has been stalled based on NCUA’s request that we open a physical location in each county. Population doesn’t justify it and demographics don’t require it.

Thank you for this opportunity,

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