

YOUNG, SHERON

From: _Regulatory Comments
Sent: Tuesday, March 28, 2006 8:50 AM
To: YOUNG, SHERON
Subject: FW: VACU Comments on Proposed Rule Part 701.1

From: Beverley Rutherford [mailto:beverley.rutherford@vacu.org]
Sent: Monday, March 27, 2006 3:35 PM
To: _Regulatory Comments
Subject: VACU Comments on Proposed Rule Part 701.1

Thank you for the opportunity to comment on NCUA's proposed amendments to its rules regarding service to underserved areas. I am responding on behalf of a state-chartered credit union located in Virginia.

We believe that all credit unions should be able to provide services to those persons in underserved areas. However, in reviewing Section 109(c)(2) of the Federal Credit Union Act it appears the Act limits underserved expansions outside the credit union's field of membership to multiple common-bond credit unions only. For this reason, we support NCUA's proposal limiting expansion to multiple common bond credit unions only until such time as it is appropriate to pursue clarification of Congress' intent not to prohibit other charter types from expanding into underserved areas.

Secondly, we believe service in the underserved area may be accomplished by means other than NCUA's proposal of a service facility. We feel NCUA should give consideration for a more flexible service facility requirement for credit unions wishing to serve in very remote, sparsely populated underserved areas. As an example, for these areas, it should be permissible to utilize a "hub and spoke" type of branch layout, with a single physical branch located in the middle of several designated areas further supported by ATMs or a similar service facility within a certain distance.

Please feel free to contact me should you have any questions.

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