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March 27, 2006

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

RE: National Credit Union Administration; Notice of Proposed Rulemaking; Organization and Operations of Federal Credit Unions; 12 CFR Part 701; 71 Federal Register 4530, January 27, 2006

Dear Ms. Rupp:

The American Bankers Association ("ABA") submits its comments regarding proposed amendments to the National Credit Union Administration's rules for the addition of "underserved" areas to a credit union's field of membership. As currently drafted, the National Credit Union Administration's proposal to restrict "underserved" expansions to multiple-group credit unions and the addition of a requirement that a credit union must establish a physical presence in "underserved" communities into which they expand is a very small step in the right direction. We respectfully submit, however, that the proposed amendments do not go far enough. The National Credit Union Administration ("NCUA") can and should do more to curb abuses by certain credit unions that illegally exploit the "underserved" exception not out of a desire to help those in need of financial services but as a pretext to expand beyond the legal limitations of their permissible field of membership.

The ABA is the principal national trade association of the banking industry in the United States, bringing together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership – which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks – makes ABA the largest banking trade association in the country.

NCUA is proposing two prospective changes to its rules regarding the addition of "underserved" areas to a credit union's field of membership. The first change will limit the addition of new underserved areas to only multiple common-bond credit unions. The second change is to the definition and location of the service facility when adding underserved areas. The changes to the rule as proposed, however, would only be applied to future applications. As a result, the ABA submits that the proposed changes to the rule would perpetuate a continuing violation of the law by taking no action with respect to community credit unions that have been previously allowed to expand illegally.

The ABA submits that a natural and necessary addition to the proposed rule should be to revoke the "underserved" field of membership ("FOM") expansions that have been previously granted to community credit unions. Such an action would be fully consistent with the NCUA's decision to revoke two separate "underserved" expansions previously granted to America First Federal Credit Union. In conjunction with this, the ABA also submits that such proposed amendment should, nevertheless, allow institutions affected by the revocation of their "underserved" expansion to retain any individual members that have been added to date, but halt *any* new *additions* to membership (including potential new members whose link to the credit union would be through individuals who joined under the subsequently revoked expansion) from the "underserved" area. An inappropriate membership cannot be allowed to serve as a pretext for a new membership.

Similarly, the proposed amendments also fail to address the treatment to be accorded to "underserved" areas previously added to multiple-group credit unions when such credit unions subsequently convert to a community charter. Should areas not authorized by law for a community charter still be allowed for a new community chartered credit union just because they were added previously under a different standard? The ABA believes that in order to be consistent with the NCUA's current policy, the proposed amendments should make it explicit that the "underserved" areas added prior to the conversion either must be part of the new well-defined local community, must be dropped from the field of membership, or the conversion to a community charter must not be allowed by the NCUA.

The ABA also submits that the proposed amendment to Part 701.1 to require that a federal credit union must establish an actual physical presence in the "underserved" area within two years only partially addresses the problem. The *Federal Credit Union Act* already requires that a credit union adding an "underserved" area to its field of membership must maintain an "office or facility" within that community, 12 U.S.C. § 1759(c)(2). The proposed rule merely brings the NCUA into compliance with the law. In our view, allowing a credit union to defer its commitment to establish even a minimal presence within an "underserved" community for a full two years honors neither the spirit nor the letter of the law. The ABA suggests that the statute may reasonably be read as requiring that a service facility must be in place within the "underserved" area before the NCUA may approve the expansion. Certainly anything that extends beyond at least a contemporaneous presence stretches the statute beyond reason.

Nor do the proposed amendments effectively address the fundamental issue of ensuring that the expanded field of membership actually results in "underserved" sectors of the population gaining access to financial services. While the amendments require that a credit union must establish a service facility within an "underserved" area, this does not ensure that these facilities are actually located in economically challenged locations or that they are actually serving the underserved as credit union members. For example, the NCUA has designated Washington, DC, as an "underserved" community. A credit union adding the city as an "underserved" community could locate its service facility in wealthy parts of the city, such as Georgetown, and still fulfill the proposed regulation. This result raises the broader

question of whether a location designated as "underserved" should be limited to more clearly-defined low income areas. The ABA submits that the NCUA should restrict its "underserved" designations to clearly-defined areas of low- to moderate-income census tracts as defined by the Federal Financial Institutions Examination Council's Census Report System.

The American Bankers Association and NCUA do agree that the mission of credit unions is to serve people of modest means, as the law states. The NCUA's policies, however, have done little to ensure that the institutions under its supervision are actually doing more than paying lip service to these goals. As recent hearings before the House Ways and Means Committee have highlighted, the NCUA has utterly failed to provide meaningful oversight in this area, nor has it required a sufficient level of accountability to ensure that credit unions taking advantage of the NCUA's liberal policy regarding expansion are actually reaching out to the residents located in low- and moderate-income areas.

For some in the credit union industry, the "underserved" exception to the normal field of membership rules is not about helping those of modest means as much as it is about exploiting the NCUA's willingness to allow the institutions that it regulates to expand beyond the legal limitations of their permissible field of membership, abusing the underserved exception as a mere pretext. The basic failure by the NCUA to curb abuses regarding the illegal expansion by credit unions requires a far more fundamental overhaul of its policies and procedures. If the NCUA is truly serious about administering the "underserved" exception in a manner that actually assists persons of modest means, it will require credit unions to demonstrate, with verifiable measures, that they are in truth serving these persons as credit union members.

### 1. "Underserved" Expansions Prior to 1998

The NCUA's policy permitting *all* credit unions to add underserved areas originated in 1994 in the NCUA's *Interpretive Ruling and Policy Statement 94-1* ("IRPS 94-1). 50 Fed. Reg. 29066. IRPS 94-1 invited

> a federal credit union *of any type* – occupational, associational, community, or multiple group – to include low income groups in its field of membership, without regard to the group's location, either by forming an association which is organized solely for the purpose of providing such service or by including a community group which could be the basis for chartering a low-income credit union.

50 Fed. Reg. at 29067 (emphasis added). The NCUA concluded that the version of the statute in effect at the time of the rulemaking – Section 109 of the *Federal Credit Union Act*, 12 U.S.C. § 1759 – did not preclude the NCUA's decision to open up credit union expansions into underserved areas. This early version of the statute stated that "credit union membership shall be limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community or rural district." The NCUA reached the somewhat surprising conclusion that Congress's use of the disjunctive "or" in section 1759 did not

prevent a credit union from claiming all types of membership, drawing a parallel to its practice at the time of permitting multiple group charters:

> The language of Section 109 of the Federal Credit Union Act, 12 U.S.C. 1759, which states 'Federal credit union membership shall be limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community or rural district,' does not require segregation of community groups from other kinds of common bonds. The difference in wording for community based common bond seems to have arisen from the fact that the bond was more difficult to describe adequately. The 'or' between the 'common bond' provisions and the community description is no different from the 'or' between 'occupation' and 'association,' which the Board has long concluded permits combining occupational and associational common bonds in a single federal credit union, and which is consistent with the word's common usage.

50 Fed. Reg. at 29067. Having labored mightily to read the limitations manifest in Congress's use of the disjunctive article "or" completely out of the statute, the NCUA's Board concluded that it saw

> no limitation in the Federal Credit Union Act preventing this policy change. While true that NCUA has generally refrained from combining community-based common bonds with occupational and associational common bonds, the reason for that limitation has been a concern for the safe and sound development of credit unions.

50 Fed. Reg. at 29067.

Four years later, the United States Supreme Court subsequently rejected the NCUA's liberal reading of the field of membership restrictions contained in section 1759 in *National Credit Union Administration v. First National Bank & Trust Co.*, 522 U.S. 479 (1998) (hereinafter "*First National Bank*"). In a landmark decision, the Court held that the field of membership restrictions contained in section 1759 of the *Federal Credit Union Act* did not allow the NCUA to create a hybrid "multiple group" charter that intermixed the characteristics of community, associational, and occupationally defined fields of membership. *Id.* at 502 ("[W]e must conclude that, just as all members of a geographically defined federal credit union must be drawn from the same 'neighborhood, community or rural district,' members of an occupationally defined federal credit union must be united by the same "common bond of occupation.").

In terms of the present discussion, the *First National Bank* decision is significant because in it the Supreme Court vindicated the express limitations that Congress had placed upon a credit union's field of membership that the NCUA Board had so laboriously sought to discount four years earlier when drafting IRPS 94-1. By reaffirming that "all members of a geographically defined federal credit union must be drawn from the same 'neighborhood, community or rural district'" the Supreme

Court's decision in *First National Bank* toppled the legal underpinnings erected by the NCUA to support its "underserved" policy in IRPS 94-1. The Supreme Court's unequivocal interpretation of the field of membership limitations contained in section 1759 make it clear that it would be inconsistent with the statute for the NCUA to permit a community credit union to add any members from areas outside of its geographic limitations.

### 2. Section 1759(c)(2) and Recent NCUA Practice

In response to the Supreme Court's decision in *First National Bank,* Congress adopted the Credit Union Membership Access Act ("*CUMAA*"). 12 U.S.C. § 1759 *et seq*. Congress amended the *Federal Credit Union Act* to set forth the permissible fields of membership for federally chartered credit unions and to authorize explicitly a "multiple common-bond" credit union charter. 12 U.S.C. § 1759(b)(2). As part of that enactment, Congress provided for two "exceptions" to the normal field of membership rules. The first, found at section 1759(c)(1), was a "grandfather" provision that allowed members and groups of credit unions affected by the *First National Bank* decision to remain with their institution. The second, found at section 1759(c)(2), permitted a credit union *with a multiple group charter* (as defined at section 1759(b)(2)) to "include any person or organization within a local community, neighborhood, or rural district" into its field of membership if the geographic area is deemed to be "underserved" and the credit union establishes an office or facility within the area. 12 U.S.C. § 1759(c)(2).

The plain language of the statute makes it clear that only multiple group charters meeting the requirements of section 1759(c)(2) are authorized to add underserved areas. No other section of the *Federal Credit Union Ac*t takes up the issue, and no other provision of the statute can be remotely construed as granting the NCUA the authority to approve a proposed expansion of a community credit union beyond what is allowed in section 1759(b).

Nevertheless, when the NCUA promulgated IRPS 99-1, the initial membership regulations post-*CUMAA*, the agency once again adopted a policy of allowing any federal credit union – not just those holding multiple group charters – to add an "underserved" area to its field of membership. The NCUA acknowledged, but disregarded, the clear limitation of authority contained in the statute and the obvious implications of the Supreme Court's decision in *First National Bank*:

> Although the new legislation specifically authorizes flexible policies regarding multiple common bond credit unions providing service to underserved areas, the Board has determined that previous agency policies allowing similar service to poor and disadvantaged areas should continue. Accordingly, the [NCUA] Board stated that the criteria established for multiple common bond credit unions would also apply to single occupational, single associational, and community credit unions desiring to serve underserved areas.

63 Fed. Reg. 72,016 (1998). The most recent membership rule promulgated by the NCUA, IRPS 03-1, continued the NCUA's overt disregard for the plain language of the statute. Instead of applying the statute as passed by Congress, which permitted only multiple group credit unions to add "underserved," IRPS 03-1 states that "[a]ll federal credit unions may include in their fields of membership, without regard to location, communities satisfying the definition of underserved areas in the Federal Credit Union Act." 68 Fed. Reg. 18,361 (2003).

Based upon information available to the ABA, the NCUA has approved over 100 "underserved" expansions by community credit unions since the promulgation of IRPS 99-1 in 1999. The natural conclusion to be drawn from the statutory language of the current 1759(c)(2) and the court decisions that expressly limit the NCUA's ability to disregard the statutory definitions controlling a credit union's field of membership is that each of these "underserved" expansions by community credit unions approved by NCUA may have violated the *Federal Credit Union Act*. Indeed, this is the main thrust of the litigation that was filed by the ABA in November 2005 in the United States District Court for the District of Utah, *American Bankers Association v. NCUA,* (Case No. 2:05CV904-DAK), which challenges the NCUA's approval of two underserved expansions by America First Federal Credit Union.

### 3. The Proposed Changes

The NCUA's proposed rule was issued in direct response to the litigation filed by the ABA in Utah. In response to the ABA's lawsuit, the NCUA Board adopted a resolution on December 29, 2005, that placed a moratorium on approving applications by non-multiple common-bond credit unions to add new underserved areas. At the same time the NCUA announced that it intended to seek comments with respect to a proposed rule that would essentially make permanent the moratorium imposed by the NCUA's Board. The Notice of Proposed Rulemaking was issued by the NCUA on January 20, 2006.

Substantively, the proposed rule does several things. First, consistent with the plain language of the statute, the addition of new "underserved" areas will be limited to only multiple common-bond credit unions. Second, the proposed rule would now require that a federal credit union must establish an actual physical presence in the "underserved" area within two years.

#### *a. Limiting the Addition of "Underserved" Areas to Multiple Common-Bond Credit Union*s

The ABA supports any effort by the NCUA to curb a long-standing pattern of illegal activity by that agency. Both of the proposed rule changes bring the NCUA's policies into better compliance with the plain and unmistakable language of the "underserved" provisions of the *Federal Credit Union Act*. As detailed in the prior sections, the NCUA has always lacked the statutory authority to allow any entity other than a multiple common-bond credit union to add an "underserved" area to its field of membership in exception to other membership limitations. The Supreme Court's vindication in *First National Bank* of the express limitations that Congress

placed upon a credit union's field of membership compels the conclusion that it was inconsistent with the pre-CUMAA version of the *Federal Credit Union Act* for the NCUA to permit community credit unions to add any "underserved" members from areas outside of its geographic limitations. The subsequent enactment of *CUMAA* and the express limitations on underserved expansions contained in section 1759(c)(2) served to eliminate any lingering questions on this issue and do not change the import of the Supreme Court decision that the NCUA may not create membership rules beyond the limits of the statute.

The proposed changes to the NCUA's regulations do not, however, address the potential for continuing violation of section 1759(c)(2) that is presented by the over 100 almost certainly illegal "underserved" expansions that have been granted by the NCUA to community credit unions since 1998. Because the NCUA's changes to the "underserved" rules are drafted to apply only to future applications, each of these institutions (with a notable exception, which shall be discussed below) remains free to add members from geographic areas outside of its local community.

The ABA respectfully submits that the NCUA should amend Part 701.1 to state that institutions that added "underserved" areas while operating as a non-multiple common-bond credit union are prospectively enjoined from adding additional members (including potential new members whose link to the credit union relies upon individuals who joined the credit union under an improper field of membership expansion) from those "underserved" locations.[1] This prospective application of the rule would *not* require an institution to remove members. What the proposal does do, however, is call a halt to the illegal addition of members by non-multiple common-bond credit unions, and it does so in a manner that is fully consistent with the NCUA's recent decision to revoke two separate "underserved" expansions previously granted to America First Federal Credit Union, a federal credit union with a community charter as defined at 12 U.S.C. § 1759(b)(3).

The NCUA has already taken some initial steps in this direction on a case-by-case basis. On two separate occasions, in May and July of 2005, the NCUA granted America First Federal Credit Union permission to "add certain designated underserved areas pursuant to the Agency's policy of permitting all federal credit unions, regardless of their membership type, to serve underserved areas."[2] On December 29, 2005, NCUA Regional Director Melinda Love informed America First that after a careful review of the litigation filed by the ABA in Utah and the NCUA's field of membership policy, the agency determined that

> it is prudent to withdraw your authority to serve new members, businesses or other legal entities, not otherwise eligible for

[1] This formulation of the ABA's proposal is designed to capture both the obvious situation where a non-multiple common-bond credit union has added "underserved" areas, as well as the possible occurrence where a non-multiple common-bond credit union may have added underserved areas and then subsequently converted its charter to a multiple common-bond credit union.

[2] Letter, Melinda Love (Regional Director, NCUA) to Olin F. Craig (President/CEO, America First FCU), December 29, 2005.

> membership in America First FCU, who live, work, worship, or attend school in these underserved areas.[3]

The NCUA also informed America First that it[4] remained authorized to provide service to all of its existing members.

Turning again to the proposed rule, amending Part 701.1 to enjoin additional illegal additions to non-multiple common-bond credit unions simply applies recent NCUA precedent to implement the amendments already proposed by NCUA staff. Indeed, the NCUA's *sua sponte* withdrawal[5] of the America First "underserved" authorizations demonstrates in the most practical way possible that the agency believes that it retains the authority to take such unilateral action even at the Regional Director level. The ABA respectfully submits that such action is necessary by the NCUA in order to redress the situation created by the agency when it illegally authorized large numbers of "underserved" expansions for non-multiple common-bond credit unions.

The proposed amendments also fail to address another situation not authorized by the statute, namely when "underserved" areas are added by a multiple-group credit union that subsequently converts to a community charter. Once the credit union converts to a community charter, it loses the exemptive protection of the statute; but that is not reflected in the NCUA proposal. The NCUA's *Chartering and Field of Membership Manual* does, however, suggest the appropriate course of action. Chapter 2 (section V.A.3 -- *Special Documentation Requirements for a Converting Credit Union*) states:

> An existing federal credit union may apply to convert to a community charter. Groups currently in the credit union's field of membership but outside the new community credit union's boundaries may not be included in the new community charter. Therefore, the credit union is required to notify groups that will be removed from the field of membership as a result of the conversion. Members of record can continue to be served.

The ABA believes that in order to be consistent with the NCUA's current policy, the proposed amendments should explicitly state that any "underserved" area added by a multiple-group credit union prior to the charter conversion must either be part of the institution's approved local community or it must be dropped from the field of membership or the conversion to a community charter must not be allowed by the NCUA.

*b. Establishing an Actual Physical Presence in the "Underserved" Area Within Two Years*

The ABA supports amending Part 701.1 to require that a federal credit union adding an "underserved" area must establish an actual physical presence in the

[3] Id.
[4] Id.
[5] It is important to note that the NCUA's decision to withdraw the America First approvals was not made in response to a court order or other legal compulsion.

"underserved" area. The *Federal Credit Union Act* already requires that a credit union adding an "underserved" area to its field of membership must maintain an "office or facility" within that community, 12 U.S.C. § 1759(c)(2), so the proposed amendment merely brings the NCUA into partial compliance with the law.

The proposed changes do not go far enough, however. In our view, allowing a credit union to defer its commitment to establish a presence within the "underserved" community for a full two years honors neither the spirit nor the letter of the law, and is symptomatic of a much deeper problem with the NCUA's administration of this program.

With respect to the first point, the language of section 1759(c)(2) does not contemplate or authorize any delay or deferment in meeting the requirement that a credit union must establish an office or facility in an "underserved" area. The statute provides that the NCUA Board "may allow the membership of the credit union to include any person or organization within a local community, neighborhood, or rural district if…the credit union establishes and maintains an office or facility in the local community, neighborhood, or rural district at which credit union services are available." 12 U.S.C. § 1759(c)(2)(B). A reasonable reading of the statute, based upon the use of the present tense by the drafters and the lack of any language suggesting that compliance may be deferred, is that the NCUA is authorized to allow the addition of an "underserved" area only *after* the credit union has established a facility within the community. The intention of Congress as revealed by the statutory language that it enacted in section 1759(c)(2)(B) suggests that the purpose of the "underserved" exception was a very practical one: it extends credit union membership to non-qualifying individuals residing in "underserved" areas by taking advantage of a pre-existing credit union facility already in place.

Even if one were to conclude that section 1759(c)(2)(B) permits the NCUA to authorize the addition of an "underserved" area based upon a promise by a credit union to establish a facility within the area sometime in the future, two years is too long to permit such institutions to defer compliance with the statute. Having received the benefit of expanding their field of membership, credit unions should be expected to demonstrate promptly a tangible manifestation of their legal commitment to provide services to the citizens of the "underserved" area that they are supposed to be helping. The ABA submits that the period of time within which an institution is required to establish a service facility within an underserved area should be something that is close to being contemporaneous with the expansion of the field of membership and certainly no more than six months.

More fundamentally, the proposed amendments utterly fail to ensure that future "underserved" expansions will actually provide a benefit for less affluent sectors of our community in a timely fashion. It is an indictment of the proposed amendments that even if the NCUA's Board adopts the proposed changes to Part 701.1 *in toto*, a multiple-group credit union could claim the entire city of Washington, D.C., as an "underserved" area and then only open a branch in affluent Georgetown. That result fulfills neither the intent of the law nor the mission of credit unions, and strongly suggests that the NCUA should amend its policies to close this remaining loophole. More specifically, the ABA suggests that the NCUA should limit its

"underserved" designations to clearly defined areas of low- to moderate-income census tracts as defined by the Federal Financial Institutions Examination Council's Census Report System rather than designating entire metropolitan areas. Given the ease with which the "underserved" statute may still be manipulated under the proposed amendments to section 701.1, such a policy change is necessary for the NCUA to ensure that a credit union that is given permission to expand into an "underserved" area is actually complying with the mission and purpose of the statute.

The fact that credit unions have heretofore *not* been required actually to establish a service facility within an "underserved" area and that the current proposed amendments continue to allow these institutions to avoid compliance with the law is suggestive of a system that appears to value the expansion of the credit union charter more than actually serving individuals of modest means.[6] The ABA is not alone in raising these concerns. In October 2003, the General Accounting Office ("GAO") released a study on the credit union industry which raised doubts about whether credit unions are actually serving people of modest means. The GAO study found that credit unions were less likely to serve low- and moderate-income households than were banks. According to the Federal Reserve's 2001 Survey of Consumer Finances, 36 percent of households that primarily used or only used credit unions had low or moderate incomes compared with 42 percent of households that used banks. HMDA records from 2001 show that credit unions made a smaller percentage of mortgages to low-and moderate-income households than did banks of comparable size – 27 percent versus 34 percent. The report also noted that the NCUA has not developed indicators to determine if credit union services have reached the underserved.

The ABA is concerned that there is no requirement by the NCUA, and no oversight program to supervise compliance with a requirement, that credit unions claiming an underserved community actually set up branches and provide services to the residents in the low- and moderate-income areas of the community. The GAO study recommended that NCUA develop tangible indicators to measure whether credit unions are reaching out to the underserved – a recommendation that the NCUA has only recently taken to heart in the wake of hearings regarding the tax-exempt status of credit unions held before the House Ways and Means Committee on November 3, 2005.

Chaired by Congressman Bill Thomas, the hearings before the House Ways and Means Committee revealed that the NCUA and the industry had failed to present to Congress the necessary data to support the contention that credit unions are providing service to persons of modest means. Chairman Thomas was critical of the NCUA for what he called its unwillingness to recognize the need for the collection of data that would provide the transparency and accountability that a tax-exempt

[6] Examples of abusive "underserved" expansions "enabled" by the NCUA are not hard to find. For example, Robins FCU, the $900 million credit union in Warner Robins, Georgia, recently added Clarke County – home of the University of Georgia – to its field of membership under the "underserved" provision. Not only is the credit union ineligible under law to expand in this manner, but the credit union's only branch is in an upper-income census tract in the city of Athens.

industry ought to have. Chairman Thomas put it bluntly: "I am concerned that an agency that is supposed to be a regulator is an enabler."

Chairman Thomas recently reiterated these concerns in a letter to the Honorable JoAnn Johnson, Chairman of the NCUA, dated March 22, 2006. Responding to statements in the press by NCUA Board Members, Chairman Thomas expressed his concern that the NCUA "has too often been a promoter and defender of credit unions" and lacked the ability to collect and analyze basic data about whether credit unions are providing any public benefits in exchange for their tax-exempt status "in an objective and independent way." He noted that statements in the press by NCUA Board Member Gigi Hyland suggested that the data collection project was viewed by the NCUA as an opportunity to "compile a collection of feel-good stories and sound bites" rather than an effort by an impartial government regulator to collect objective information about whether credit unions are providing public benefits in exchange for their tax exemption. Most significantly, Chairman Thomas' letter noted that he has asked the Government Accountability Office to expand its current review of the credit union tax exemption "to include an analysis of the independence and objectivity of the NCUA."

As stated at the beginning of this comment letter, the American Bankers Association and NCUA agree that the mission of credit unions is to serve people of modest means, as the law states. The ABA submits that the current proposed amendments to Part 701.1 do little more than pay lip service to this mandate. The proposed amendments to the rule do not address the continuing violations of the *Federal Credit Union Act* that are the legacy of years of illegal activity by NCUA. If the NCUA is truly serious about administering the "underserved" exception in a manner that actually assists persons of modest means, it will require credit unions to demonstrate, with verifiable measures, that they are actually serving these persons as credit union members.

## 4. Conclusion

The NCUA's proposal to restrict underserved expansions to multiple-group credit unions and require such credit unions to establish a physical presence in the "underserved area" to which they expand is an exceedingly small and inadequate step in the right direction. Should you have any questions regarding this submission, please contact Gregory Taylor, Associate General Counsel, American Bankers Association. He may be reached at (202) 663-5028.

Sincerely,

Keith Leggett
Senior Economist