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Snyder, Diane L**From:** ANNA EPPS [ANNA.EPPS@foundersfcu.com]**Sent:** Tuesday, March 28, 2006 4:10 PM

MAR29'06 AM 8:52 BOARD

To: _Regulatory Comments**Cc:** LARRY HIGGINS**Subject:** Founders FCU Comments on Proposed Rule Part 701.1

Regarding the second proposed change on page 5, it is understandable that the NCUA would require the addition of a service facility in the requested expansion area within two years however, it does not always make sense to add a facility. Many of the census tracts in rural South Carolina that are underserved are very small tracts with regards to residents and businesses. In particular, one tract that we have recently requested be added to our service area has 4,000 people in the census tract. We submitted, but subsequently had to retract, a request regarding another census tract that had 7,000 residents. We made the decision to retract this submission because we have two branches within five miles of this tract. Financially, and operationally, it does not make sense for us to place a branch in a tract of 7,000 people when there are two existing branches in such close proximity. While we understand the need to have a standard, it seems that there should be some flexibility allowed by the examiner in these types of situations. Not all areas should be treated the same.

Regarding item 3 on page 6 of the proposed changes, any change in the charter type of a multiple common-bond credit union should not have any impact on any previously-approved underserved areas. The purpose of allowing the multiple common bond credit union to serve the residents of the underserved area is to allow those residents access to financial services. To arbitrarily revoke that opportunity certainly impacts the credit union, but it more dramatically affects, negatively, those underserved residents. To allow one resident to join one day and then not allow their neighbor to join the next day would be arbitrary and capricious. Adopting this standard would negatively impact the credit union, the residents of the underserved areas and the credit union movement as a whole. Such a change would give the public the impression that credit unions are turning their backs on those very individuals that credit unions strive to offer services to, the individuals who often do not have the opportunity to receive services elsewhere. If a credit union decides to change its charter from a multiple common bond, to a different charter, the credit union has already been penalized since the credit union must give up its relationship with its sponsoring employer (or other) groups. Any penalties above that would only be punitive.

Regarding Item 4 on page 6, one appropriate criteria of NCUA approval of an underserved area should be the history the credit union has already shown in serving people of modest means. If a credit union has proven that it has a strong history of giving back to its community and if the products and services it currently offers are beneficial for people of modest means, than those factors should be a determining factor on service area approval. These factors can be gauged by evaluating credit unions membership fees, minimum loan amounts, contributions to entities improving the lives of citizens in those areas, etc.