

138

Snyder, Diane L

MAR29'06 AM 8:52 BOARD

From: John McKenzie [JohnM@icul.org]
Sent: Tuesday, March 28, 2006 4:33 PM
To: _Regulatory Comments
Subject: Indiana Credit Union League Comments on Organization and Operations of Credit Unions, Interpretive Ruling and Policy Statement 06-01

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

Re: Organization and Operations of Credit Unions, Interpretive Ruling and Policy Statement 06-01

Dear Ms. Rupp:

The Indiana Credit Union League appreciates the opportunity to comment on NCUA's proposed Chartering and Field of Membership (FOM) Manual amendments dealing with underserved area expansions by federally chartered credit unions. We recognize that this is a challenging issue for the NCUA given the desire of the credit union community to reach out to underserved areas to provide access to services that they are quite often lacking, and the impact of litigation by our adversaries.

While current litigation regarding language in the Federal Credit Union Act has led to the NCUA limiting the addition of undeserved areas to the FOM of multiple-group credit unions, we do not believe that this was the overall intent of Congress as indicated by H.R. 1151, the Credit Union Membership Access Act. The overall intent of H.R. 1151 was to make credit union access more available to consumers, not limit it. This would include more credit union services being made available to underserved areas. We believe credit unions of all charter types should have the ability to add underserved areas to their FOM, and we strongly encourage the NCUA to seek whatever legal or legislative remedy is necessary to continue allowing all charter types to add underserved areas.

As you consider changes to the regulations pertaining to underserved areas, grandfathering all previously approved additions of underserved areas regardless of a credit union's charter type or any change in regulations should be part of what is done. Once a credit union has added an underserved area to its FOM under the prevailing regulations of the NCUA, it should be able to continue to serve the underserved area, and continue adding new members from the area, even if it changes charter types. Credit unions that add underserved areas quite often have made commitments to their members and to the communities by placing branches and ATMs or joining shared branch networks with locations in the underserved area. To require these credit unions to stop service to an area because of a charter change would force the credit union to either accept an under-performing branch and the resulting financial impact, or close the branch and incur the negative financial impact. Most charter changes are made for the benefit of all of a credit union's members and to strengthen the credit union itself.

If a credit union was prohibited from continuing to serve a previously added underserved area, the consumers in that underserved area would also be negatively impacted by the removal of