



# Pacific Crest

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March 27, 2006

JoAnn Johnson, Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Chairman Johnson:

Thank you for the opportunity to comment on the proposed changes to the NCUA's field of membership policy regarding service to underserved areas.

In August 2002 NCUA approved our application for a community charter to serve Klamath and Lake Counties in Oregon. At the same time, Modoc County and the northeast corner of Siskiyou County in California were added to our field of membership as underserved areas. Prior to that action, as early as 1993, NCUA had approved the addition of several employer groups in Modoc and Siskiyou Counties to our field of membership under our previous charter. Klamath, Lake, Modoc and Siskiyou Counties comprise a rural, agricultural-based, sparsely populated region with Klamath Falls and Lakeview as the centers of commerce. Modoc and northeast Siskiyou Counties have been a part of our regional economic market and community since the settlement of this territory in the latter part of the 19<sup>th</sup> century. Modoc and Siskiyou Counties would not be considered a source of practical potential growth based on the population density, income level of the population, and the area's size and geographic features; and thus would not attract other financial providers. If we had not received the inclusion of Modoc County and the northeast corner of Siskiyou County into our field of membership as underserved areas, financial service to community members in this section of Northern California, other than the employer groups our credit union had previously added, would have remained limited. Service to this area only makes sense if an organization is a part of the community and concerned about the welfare and the future of the people within the community. Our credit union is working to improve the economic and social well-being of members and community residents in this area by providing essential financial services and by partnering with schools in financial education programs.

We believe that NCUA should seek additional statutory authority to allow all credit union charter types the ability to add underserved areas to their fields of membership. In this way, a greater number of people will have an opportunity to enhance their financial well-being through access to membership in a credit union; as an increased number of credit unions will have the ability to provide service in underserved areas. Not all credit unions will decide to expand their service to underserved areas; however, these areas will have the potential to be better served when more credit unions can participate.

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In respect to the proposed revision to require a service facility within the underserved area, we feel this is not necessary. We support NCUA's current practice, which considers the effectiveness of each credit union's plans to serve an underserved area a review of the commerce patterns of the area and market penetration. Through electronic service delivery, and the utilization of a central area as the regional trade center by a rural population, members of outlying areas can be served well without placing a physical service facility within the geographical location of an underserved area.

The underserved area we serve comprises six percent of our member base or 885 members. This segment of our membership holds 5% or \$4.1 million of member deposits, yet 7.5% or \$5.5 million of our loans have been granted to these members. we were required to cease service and divest our membership in the underserved area the community would be adversely impacted through loss of financial support as well as the loss of our presence as a partner in financial education. Please do all that you can so that we may continue to serve our membership and our communities.

Thank you for your consideration in this important matter.

Sincerely,



Kathie Philp  
President/CEO

cc: Credit Union Association of Oregon