Comments on Proposed Regulation limiting expansions into underserved areas to only multiple common bond credit unions:

1) **<u>NCUA's authority:</u>** no comment

2) **<u>The impact of limiting expansions into underserved areas to only multiple common-bond credit unions</u>**: This would mean that underserved communities would be cut off from the possibility of being added to the FOM of a community credit union which already serves the under-served. Instead of joining a credit union which understands the needs of the underserved, these communities would be restricted to joining credit unions that have little or no experience serving this market (low-balance, "high touch" member). Low income designated community development credit unions (CDCUs) are experienced, dedicated, and committed to serving the underserved population. It is counterproductive to deny underserved communities the right to join credit unions which already serve the underserved as CDCUs are the most likely to provide the specialized services (both financial and developmental) that low-income, unbanked individuals require. Over the last 10 years NCUA has played a critical role in increasing access to affordable financial services by underserved communities throughout the country. It is our hope that NCUA will continue providing a strong leadership in promoting and facilitating access to credit union services by the underserved.. If low income community credit unions cannot add other underserved communities to their FOM, the NCUA is failing in its obligation and commitment to truly serving the needs of the underserved. It is not enough to allow the underserved to join a credit union, they must be permitted to join a credit union which can provide the services that they need.

3) **<u>Should multiple common-bond credit union be permitted to retain these areas in the event of a change in charter type:</u>** no comment

4) **<u>The type and extent of existing investment by non-multiple common-bond credit unions in underserved areas</u>**: As a 20-year-old low-income-designated community development credit union with a community charter, the LESPFCU can provide ample data on the extent of existing investment in underserved areas (our FOM), and serve as one example of the role of existing low income credit unions in serving the underserved.

   With almost $20 million in assets, all of our programs target low income people; our membership is 80-82% low income. Our lending programs are designed for low income people, with specific programs such as our HDFC (Housing Development Finance Corporation) loans which are for limited equity, low income housing cooperatives. We have an extensive micro-finance lending program for small member-owned businesses in our community. In a pilot lending program directed to the underserved, our emergency loan product (an alternative to payday loans) was utilized by 170 members for a total of $64,000 over a period of nine months.

In addition, LESPFCU provides a variety of development services that are widely used by the community and membership alike. These services have made a significant impact empowering people and giving them the tools that they need to use the financial systems to improve their lives: We offer Individual Development Accounts (IDAs) for those who aspire to start or expand their micro-business, or for those who want to further their education. Our Volunteer Income Tax Assistance (VITA) program has become one of the largest credit-union based VITA programs in the country.

The average personal share deposit is under $1,000, with total member shares of over $14million. In addition we have nonmember deposits – which represent investment of mainstream banks in the low income community – of over $3 million.

5) **Impact to members of underserved areas, and non-multiple common bond credit unions:** This proposed regulation would have a major impact on members of underserved communities and low-income-designated non-multiple common bond credit unions. Again, using LESPFCU as an example, we currently have a branch in another underserved community which we are interested in adding to our FOM. Due to the current moratorium, and this proposed regulation, we are unable to add this community and therefore unable to serve this underserved neighborhood. Unless a multiple common bond credit union should decide it would like to serve this community, they will be left without access to credit union services. Yet LESPFCU, a low income credit union with twenty years' experience serving the under-served would be prohibited from including this or any other underserved community in our Field of Membership.

   The ability to serve the underserved goes well beyond loan products, interest rates, and size of a credit union. True access can only exist if the underserved feel welcomed and at home in the credit union. Community development credit unions know how to create that atmosphere successfully. It is not assumed, for example, that all members are comfortable speaking English, so we have multi-lingual tellers where needed. As part of our mission to economic development, many of our employees are from the communities we serve; as a result our members see familiar faces when they enter the credit union.

If the NCUA is truly committed to serving the underserved, it is obvious that the best way to accomplish that goal is to encourage those credit unions which are most experienced in serving that community to expand their services. This regulation does the opposite, sending the message that the NCUA does not really want to provide these critical services. This proposed regulation is harmful to currently existing low income credit unions, the credit union movement as a whole, and most importantly, the seriously underserved communities of our country.