

der, Diane L

From: Clark, Joe [Clarkj@truliantfcu.org]

Sent: Tuesday, March 28, 2006 10:24 PM

Subject: Regulatory Comments

Subject: Truliant FCU's Comments on Proposed Rule Part 701.1

March 28, 2006

Jerry Rupp

Secretary of the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Re: Comments on Notice of Proposed Rule Making Part - 701.1

Dear Ms. Rupp:

I am writing on behalf of Truliant Federal Credit Union in response to NCUA's notice of proposed rulemaking on the addition of underserved areas by non-multiple common bond credit unions. Truliant Federal Credit Union is a \$1.1 billion multiple common bond credit union serving over 170,000 members in and around North Carolina.

Truliant Federal Credit Union has a long history of providing affordable financial services to the underserved so that they may have the opportunity to provide for their families and build wealth. Many years prior to the addition of underserved areas to our field of membership, Truliant was serving the furniture factories and textile mills of central North Carolina. A short description of just a few of the services that benefit the underserved is below.

Regular Shares

\$5.00 minimum Balance

Pay Dividend at all Tiers

Balanced Checking

Balanced Checking provides the option of opening a checking account while building fundamental skills needed to develop a long-term relationship with the credit union.

BALANCE, members have access to the following free and confidential services:

Money Management Counseling

Debt Management Plan

Credit Report Review

Toll-Free Information Line

Basic Checking

Truliant's free Basic Checking account is easy-to-use and gives members many added benefits without added fees. Benefits include:

No Minimum Balance Required

No Monthly Service Charge or Per Check Charge
Earn Monthly Dividends
Direct Deposit
Overdraft Protection
Worldwide ATM Access
Free Online Banking Access

Convenience Loan

The personal convenience loan is available for unexpected costs, small debt consolidation or to pay taxes or other bills.

The Convenience Loan Offers:
Fixed Rate of 8.99% APR
Loan Amounts from \$1000 to \$5000
Terms between 12 and 24 Months
First Payment May Be Deferred 90 Days
No Pre-Payment Penalty

No-Surcharge ATMs

Over 35 No-Surcharge ATMs that allow non-members in the community to access their money without additional fees.

Pay Card Program

At the request of one of our business partners, we established a pay card program for a furniture manufacturer's employees that provides services to a traditionally unbanked population.

Top Dog Certificate

Allows for share certificates to be open with as little as \$100 minimum balance to encourage savings for all members.

Club Accounts

25 Cent Minimum Balance
Encourages Systematic Savings

Small Balance Loans as Low as \$200

Allows Members to Establish and Build Credit History

These basic financial services allow people in our underserved areas to be fully involved members in their credit union.

Additional comments are organized by the items of particular interest outlined by NCUA and restated below. These comments include data about the service Truliant has provided and will continue to provide to members in our underserved areas.

- (1) Issue: NCUA's authority to permit expansions into underserved areas for all three federal charter types;

Comment: We agree with NCUA that the intent of the Credit Union Membership Access Act was to reinforce the permissibility of underserved areas for all types of charters. The criteria for underserved areas are indicative of the need for low cost financial services in many areas of the country. It does not make sense or good public policy to randomly limit service to areas in desperate

need due to what essentially amounts to a drafting error in the CUMAA. Congressional intent is clear. All credit union charters that seek to serve underserved areas should be allowed to serve those areas.

- (2) Issue: The impact of limiting expansions into underserved areas to only multiple common bond credit unions;

Comment: The immediate impact would be less service to those who need it the most. The purpose of allowing underserved areas is explained in NCUA Chartering and Field of Membership Policy (IRPS 03-1) as follows:

One of the primary reasons for the creation of federal credit unions is to make credit available to people of modest means for provident and productive purposes. To help NCUA fulfill this mission, the agency has established special operational policies for federal credit unions that serve...underserved areas.

With many credit unions converting to community credit unions but wanting to serve underserved areas outside the community area granted by NCUA, allowing the current prohibition to stand further inhibits credit unions from fulfilling one of their primary missions.

The longer term impact would be the gradual diminishment of the availability of services to these underserved areas, which are, in name and definition, not currently being served by other financial institutions.

- (3) Issue: Whether, if only multiple common bond credit unions are permitted to add underserved areas, they should be permitted to retain these areas in the event they change charter type;

Comment: If the current interim rule stands and only multiple common bond credit unions are permitted to add underserved areas, multiple common bond credit unions will need to retain any underserved areas in the event of change in charter type. For a multiple common bond credit union, there would be no incentive to add underserved areas while operating as a multiple common bond credit union only to have the underserved area stripped away upon charter type conversion. Even if a multiple common bond credit union decided to add an underserved area, the investment in the area would be the bare minimum due to the possibility of a total loss of the investment.

- (4) Issue: The type and extent of existing investment by non-multiple common bond credit unions in underserved areas including for example: capital investment, loans, share deposits, and other programs targeting low income people;

Comment: While Truliant Federal Credit Union is a multiple common bond credit union, we believe our service in our underserved areas illustrates the service provided by non-multiple common bond credit unions across the country. The household median income within our 9 underserved areas ranges from \$24,093 to \$39,482. Truliant currently has almost 20,000 members living in those underserved areas with those members having over \$60 million in share balances at Truliant. In addition, we currently are providing over \$87 million in loans to those members for auto, mortgage and personal loans.

In addition we have investments in member financial service centers that serve these areas. Truliant's underserved areas and the related investments, loan, and share balances are detailed below.

Cleveland County, NC

Served by the branch located in Shelby, NC
Number of members – 5,992
Total shares - \$13,905,663
Total loans - \$26,413,238

Gaston County, NC

Served by the branch located in McAdenville, NC
Number of members – 8,063
Total shares - \$25,028,554
Total loans - \$40,291,918

Parts of Greenville County, NC

Served by the branch located in Greenville, NC
Number of members – 3,760
Total shares - \$8,426,367
Total loans - \$19,314,633

City of Martinsville, VA, Henry County, VA, Montgomery County, VA

Served by the branch located in Martinsville, VA
Number of members – 8,755
Total shares - \$24,928,197
Total loans - \$29,579,142

City of Radford and Pulaski County, VA

Served by the branch located in Radford, VA
Number of members – 4,311
Total shares - \$19,428,874
Total loans - \$26,605,482

Parts of Wythe County, VA

Served by the branch located in Wytheville, VA
Number of members – 2,835
Total shares - \$6,993,582
Total loans - \$20,019,088

Parts of the City of Richmond, VA and parts of Henrico and Chesterfield Counties

Served by the branch located in Richmond, VA
Number of members – 10,490
Total shares - \$65,321,583
Total loans - \$55,036,167

Issue: The impact to members of underserved areas, and non-multiple common bond credit unions, of restrictions on the addition of new members in underserved areas they are currently serving.

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Comment: Such restrictions would obviously be devastating to any credit union serving an underserved area via a full service branch or other means. While Truliant's branches in underserved areas existed prior to the addition of the underserved area, many of the companies that justified our presence in those areas are no longer large enough to support a branch. Forced to serve only existing members as of some random point in time would leave those branches and their members essentially die on the vine at any community chartered credit union. Not only would this be a grave disservice to credit unions and their members, it could pose risks from many credit unions to the share insurance fund. We would urge NCUA to consider all alternatives before implementing such a draconian measure.

To summarize, Truliant Federal Credit Union opposes any efforts to restrict service to underserved areas including restrictions on which charter types can serve such areas. We hope that the information provided here and by other credit unions will demonstrate the continuing commitment credit unions have to serving members in our underserved areas.

We appreciate the efforts made by NCUA thus far in the rulemaking process and hope that the comments provided from Truliant and other credit unions will further enhance the process. Please call me at (336) 659-1955 if you have any questions.

Sincerely,

/s/ Marc Schaefer
President/CEO
Truliant Federal Credit Union