

YOUNG, SHERON

From: _Regulatory Comments
Sent: Thursday, March 30, 2006 8:28 AM
To: YOUNG, SHERON
Subject: FW: Affinity Federal Credit Union Comments on Proposed Rule Part 701.1

From: Donna LoStocco [mailto:DonnaL@affinityfcu.com]
Sent: Wednesday, March 29, 2006 1:07 PM
To: _Regulatory Comments
Cc: David Snodgrass
Subject: Affinity Federal Credit Union Comments on Proposed Rule Part 701.1

Hello NCUA - here are Affinity's comments on Proposed Rule Part 701.1 (amendments regarding service to underserved areas). My contact information is below.

1) NCUA's authority to permit expansions into Underserved Areas (UAS) for all three federal charter types

Affinity agrees with NCUA that the language in the CUMAA related to underserved areas does not necessarily limit NCUA's authority to allow all credit union charter types to add underserved areas/low income communities. The spirit of the CUMAA intended underserved areas to obtain more access to affordable financial services, not less. Affinity believes that all credit union charter types should be allowed to add underserved areas to their fields of membership.

2) The impact of limiting expansions into UAS to only multiple common bond credit unions

Affinity believes that fewer low-income households will obtain access to affordable financial services if the NCUA limits expansions to multiple common bond credit unions only.

3) Whether, if only multiple common bond credit unions are permitted to add UAS, they should be permitted to retain these areas in the event they change charter type

Affinity believes strongly that once added, a credit union should not be forced to divest of an underserved area.

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

The extent of investment (or lack thereof) a credit union has made to an underserved area should not be a factor in whether or not a credit union is required to divest itself of an underserved area in the event the credit union changes charter type.

5) The impact to members of UAS, and non-multiple common bond credit unions, of restrictions on the addition of new members in UAS they are currently serving.

A credit union may not be able to justify an ongoing presence in an underserved area if the credit union cannot continue to add new members from the area. Existing members in these areas may encounter service interruptions if their credit union can no longer afford to maintain a branch in their area because the credit union can no longer add members from the community. Therefore, credit unions should not be required to divest of an area in the event of a charter change.

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