

August 18, 2008

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

Re: Comments on Proposed Rule Part 701.1, Underserved Areas

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on NCUA's proposal to update and clarify the process of approving credit union service to "underserved areas." As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 178 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Summary of GCUL's Position

- GCUL sees no need for this proposal.
- GCUL believes the additional application requirements are unnecessarily cumbersome and duplicative...ultimately discouraging credit unions from trying to serve those in need of low-cost financial services.
- Additional documentation of "Significant Unmet Needs" is unnecessary.
- GCUL believes NCUA's deferral of approving current applications is unnecessary and penalizes those credit unions whose applications were submitted in compliance with current rules.
- GCUL believes the proposal conflicts with Congress' intent in the Credit Union Membership Access Act of 1998.

Our concerns and objections regarding specific provisions of the proposal are outlined in the following paragraphs.

The Current Process Works

GCUL is perplexed as to the need for this proposal. We are unaware of problems associated with the current application and approval process for adding underserved areas to a credit union's field of membership. Indeed, it is the position of GCUL that this proposal will make the ability to provide residents of underserved areas the affordable financial services they need more difficult, not easier.

Local Community Requirements

Under the current field of membership requirements, a "local community" determination for standard field of membership applications is somewhat different from the requirements for determining a "local community" for purposes of determining an "underserved area." However, in some cases, the proposal appears to require the same type of documentation for service to the underserved area that is currently required for those credit unions applying for community charters. Because credit unions are required to utilize neighborhoods, cities and communities that have met the CDFI standard for investment areas (underserved areas), we believe no further establishment of community interaction is necessary.

Unmet Needs By Other Financial Institutions

Under the proposal, a credit union would be required to provide a one-page Narrative Statement demonstrating a pattern of unmet needs of the residents of the underserved area. The statement must be "*supported by relevant, objective statistical data reflecting, among other things, loan and financial services activity in the proposal area-much of which is now publicly available over the Internet.*" We are opposed to this requirement. The mere presence of other institutions is not the most effective measure for determining if all residents have the financial services they need. Additionally, the proposal includes a complex matrix for validating whether or not the area is being served by the current financial institutions. A significant problem with the matrix lies with applying the same standard to every area of the country, without taking into account the rural nature of certain areas.

Pending Application Deferral

According to the proposal, NCUA is deferring the approval of all applications submitted under the current regulations until the determination is made regarding the addition of any new requirements. We object to this practice as it unjustly penalizes those credit unions that have provided underserved applications that are in compliance with existing regulation. We would encourage the Agency to discontinue this procedure and begin consideration of those applications submitted in compliance with current regulations.

Counter to Congress' Intent

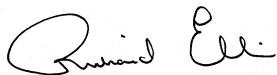
We believe that it was the intent of The United States Congress, upon the passage of *The Credit Union Membership Access Act of 1998*, to facilitate service to the residents of underserved areas in an effective, yet practical manner. We believe NCUA fails to accomplish that intent with this proposal. While we believe the Agency's intent is to carefully facilitate the rules, it is our opinion that this rule ultimately runs counter to the objective of Congress as it places substantial burdens on credit unions that will likely result in fewer applications. We would encourage NCUA to abandon this proposal.

"Underserved Area" Definition Likely to Change

We would also point out that legislation including the *Credit Union Regulatory Improvements Act (CURIA)* and the *Credit Union Regulatory Relief Act (CURRA)* remains very active and under considerable consideration by the U. S. Congress. If passage of either piece of legislation occurs, it is likely that we could see changes to the underserved area statutes in the future and would therefore face another set of revisions to current guidelines.

Thank you for the opportunity to comment on the proposed rule regarding the process of approving credit union service to "underserved areas." As noted above, it is our opinion that this proposal is unnecessary and runs the risk of reducing opportunities for affordable financial services to residents in underserved areas, instead of improving them. If you have questions about our comments, please contact Cindy Connelly or me at (770) 476-9625.

Respectfully submitted,



Richard Ellis
Vice President/Credit Union Development
Georgia Credit Union League