



Kentucky Credit Union League, Inc.
KYCUL Services, Inc.

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AUG19'08 AM 11:42 BOARD

August 13, 2008

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

Re: Proposed Amendments to Chartering and Field of Membership Manual (IRPS 08-2)

Dear Ms. Rupp:

On behalf of the Board of Directors and Governmental Affairs Committee of the Kentucky Credit Union League, we appreciate the opportunity to submit the following comments relating to the proposed changes to NCUA's Chartering and Field of Membership Manual regarding underserved areas.

We are convinced the proposed changes will make it more difficult for credit unions to reach out and serve people in areas of need. We respect the agency's need for compliance with federal statutory law, and the need for adequate procedural review – but we see this proposal as making the process of adding underserved areas much more difficult. We believe these changes, if adopted as written, will result in less credit service to people in underserved areas – not more.

We have grave concerns regarding the ratio methodology to determine if an area is underserved by all types of financial institutions – especially in states like Kentucky that has vast stretches of rural areas. We fear this could easily lead to unintended consequences, like sparsely populated rural counties computing to not being underserved. In Kentucky, it's not uncommon for a single county out of five or six contiguous counties, to be a center for commercial activity and healthcare. But it appears under the proposed rule, the county that is the center of commercial activity could be determined to not be underserved if the ratio of financial service facilities to the population is greater than the surrounding counties. In reality – they all could be (and probably are) underserved. Geographic distance to financial services, per capita income, the unemployment rate and the presence (or lack thereof) of credit union services – seem to be more relevant than some abstract ratio. We do not understand why NCUA is looking to add more empirical data to requests to serve those that are in CDFI Fund declared distressed areas. NCUA should accept this governmental agency's determination of economic distress at face value.

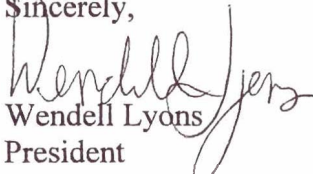
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We are also concerned about the moratorium on processing underserved applications, and believe that it should be lifted and the current rules regulating underserved area adoption should be honored for all credit unions seeking approval of underserved areas. We do not view this moratorium as being in good faith with these credit unions in the process of complying with existing regulations. Furthermore, the agency now grandfathers credit unions that adopted underserved areas and made significant investments in serving them. We believe the underserved areas themselves should be grandfathered, eliminating the need for a new documentation package to be submitted with each credit union application.

We appreciate the opportunity to comment. Please do not hesitate to contact us if we can be of any further assistance.

Sincerely,



Wendell Lyons

President

Kentucky Credit Union League