

*Louisiana*  
**Credit Union League**

JUL30'08 PM12:47 BOARD

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June 27, 2008

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

Re: Moratorium on Underserved Area Applications in the Proposed Amendments to Chartering and Field of Membership Manual (IRPS 08-2)

Dear Ms. Rupp:

On behalf of the Louisiana Credit Union League (LCUL), I appreciate the opportunity to express LCUL's views on one particular aspect of NCUA's proposed amendments to the Chartering and Field of Membership Manual (IRPS 08-2) related to the moratorium on the approval of underserved area application during the rulemaking process. Although LCUL will be filing a more extensive comment letter on the proposal in its entirety at a later date, the moratorium portion of the proposal gives us great concern on behalf of so many of our credit unions and their members that were adversely impacted by Hurricane Katrina and remain underserved as a result.

As the statewide organization providing legislative and regulatory representation for the entirety of the credit union industry in the State of Louisiana, including both state and federally chartered credit unions, LCUL respectfully requests that the NCUA Board reconsider its decision to suspend approval of underserved area applications and reinstitute the ability of federal credit unions to adopt underserved areas during the rulemaking process associated with the above referenced proposal. We fail to recognize any compelling reason as to why the Board would depart from its normal practice and choose to defer action on all underserved area applications during the comment period of this proposal and any subsequent rulemaking process that may result from the comments.

The action to defer underserved applications for what could be an elongated period of time is troubling from a number of perspectives. Most notably, the Board's action is a significant departure from recognized agency practice and the canons of fair play. Fair play would suggest that it is entirely reasonable for a credit union to rely on the rules currently in existence when deciding to apply for approval to serve an underserved area. Unfortunately, the Board's decision to defer action on underserved applications is inconsistent with the historical practice of this and other regulatory agencies to honor existing rules until they have been changed in final form.

LCUL is also concerned that the moratorium on underserved area approvals potentially violates the spirit and intent of the Administrative Procedures Act by disregarding a rule that has been in effect for years in favor of a proposed rule that has not been formally adopted by the NCUA Board or commented on by the public. We believe this deferral action is ill-advised and is a dangerous precedent that will have a distressing effect on the agency's ongoing ability to solicit feedback and public comment, which we feel is critical to the rulemaking process.

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22

As you know, Hurricane Katrina, which struck Louisiana's coast on August 29, 2005, claiming the lives of 1,464 Louisiana residents, was one of the worst natural disasters our nation has ever faced. Hurricane Rita followed three weeks later on September 24, 2005. The storms initially evacuated and displaced 1.3 million Louisianians, destroyed more than 200,000 homes, 10 hospitals and 200 square miles of Louisiana marshland. The storms also destroyed 40 schools, damaged 835 schools and flooded more than 16,000 businesses. About 179,000 jobs were lost in the New Orleans area alone. Louisiana's estimated property losses total more than \$100 billion.

Unfortunately, for many residents of our state and our neighbors in Mississippi and Texas, the effects of Hurricanes Katrina and Rita are still being felt today, nearly three years after the storms. Many residents are still in the midst of rebuilding their homes and their lives and are finding it to be an arduous and financially difficult task. Now more than ever, these hurricane victims are in need of access to affordable financial products and services. To remove the ability of federal credit unions to adopt underserved areas at such a critical time is unconscionable in our view. Therefore, we respectfully request that the NCUA Board permit eligible credit unions to adopt qualified underserved areas that may be situated in the Gulf Opportunity Zone for the duration of the comment period and resulting rulemaking process.

As stated previously, LCUL strongly believes the moratorium on underserved applications should be lifted and the current rules regulating underserved area adoption should be honored for all credit unions seeking approval of underserved areas. However, if it is the Board's intention to keep the moratorium in place, then we would strongly urge the Board to make an exception for those credit unions seeking to serve underserved residents who are situated in underserved areas directly affected by Hurricanes Katrina and Rita by allowing them to submit an application for approval during the comment period and any subsequent rulemaking process. A case could also be made that this type of exception might be applied in the flooded areas of Iowa or the fire damaged regions of California.

Once again, thank you for the opportunity to comment on this specific aspect of the proposal in advance of our more extensive comments. We value our working relationship with the National Credit Union Administration. Your willingness to hear our views and consider our request in this matter is most appreciated.

Sincerely,



Anne Cochran  
President and CEO

cc: Honorable Michael Fryzel  
Honorable Rodney Hood  
Honorable Gigi Hyland