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March 9, 2006

Ms. JoAnn Johnson, Chair
Board of Directors
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Johnson:

I am writing to express my support for the National Credit Union Administration's (NCUA) proposal to conduct a one-time survey of a sample of credit unions on their penetration of low- and moderate-income communities. Woodstock Institute is a nonprofit organization whose mission is to promote economic development and access to capital and credit in lower-income and minority communities. The Institute has worked with and advocated on behalf of the credit union movement throughout our 33-year history.

The cooperative nature of credit unions and their emphasis on self-help, education, thrift, and financial planning make them an important source of financial services and loans. However, the community reinvestment impacts of credit unions are not widely known because no systematic data are collected on this topic. Hopefully this pilot project, which will survey less than 500 credit unions, will lead to a better methodology to determine annually long-term impacts of all credit unions on lower-income consumers. In particular, the pilot project could provide some guidance on different evaluation methodologies for single bond employer credit unions and credit unions with a community FOM.

Woodstock Institute recommends an extensive and routine collection of impact measures as part of this pilot project. In addition to ensuring that the credit unions are chosen as part of a random sample, the following measures should be considered:

- The number of loans made to low- and moderate-income members and to middle- and upper-income members by loan category;
- Amount and pricing of loans by type and income category;
- The number of these borrowers by income category who have share draft, regular share, and/or share certificate accounts with the credit union;
- Description of marketing, staffing, services, and programs; and
- Description of the credit union's FOM.

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If the credit union participating in the survey has expanded its FOM into an underserved community, the survey should include an assessment of the services provided in those communities (branches, ATMs, mobile branches, etc.) as well as the number and income of members that have joined the credit union. In addition, some low-income credit unions (LICUs) may participate in the survey. In that case, there should be an assessment of whether the incomes of credit union members still qualifies it for a LICU designation.

Some consideration should also be made to a reclassification system for small business loans. Business development is a significant route to economic opportunity. Further, although most of the businesses that credit unions assist may be small employers, some researchers contend that small businesses and micro-enterprises create two-thirds of all new jobs nationwide. But the number of credit union loans to small businesses is undercounted because such loans are often booked as consumer loans.

These impact measures can be put to very good use. They can demonstrate the extraordinary achievements of the oldest and strongest cooperative movement in the U.S. Measures will allow, for the first time, a consistent means for credit union practitioners, regulators, and trade organizations to show the industry's record of community reinvestment. Legislators and others interested in protecting the nonprofit status of credit unions and allowing them to expand their memberships can also use the measures. Measures are also an important tool for credit union managers and board directors. They can be instrumental in developing long-range marketing and growth plans and program evaluations.

Thanks for this opportunity to comment on this proposal. I am happy to meet with you to discuss my thoughts on measuring the impact of credit unions if you wish.

Sincerely,

Marva E. Williams
Senior Vice President

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