



NCUA Media Release

553 New Low-Income Credit Unions

Broad Potential Benefit to 5.9 Million Members; NCUA Continues Outreach

ALEXANDRIA, Va. (Sept. 12, 2012) – The National Credit Union Administration (NCUA) announced on Aug. 7 an initiative to inform more than 1,000 federal credit unions of their eligibility for the low-income credit union (LICU) designation. After a month-long outreach effort by NCUA, 553 federal credit unions across the country have accepted the designation.

The newly designated LICUs serve 5.9 million members and manage more than \$49 billion in combined assets.

“We thought it was important for credit unions to be made aware of their eligibility so they could take advantage of tools to better serve their members and communities,” said NCUA Board Chairman Debbie Matz. “We, therefore, cut red tape and made it possible for eligible federal credit unions to opt-in to the low-income designation.

“With the designation, these credit unions will now have access to important benefits, like loans and grants from NCUA’s Office of Small Credit Union Initiatives and no cap on member business loans,” Matz said. “In addition, low-income credit unions may accept supplemental capital, so if their net worth is at or near 7 percent of assets, they would not have to discourage deposits.”

Matz noted the NCUA initiative had been included in President Obama’s relief and recovery package to help 27 drought-stricken states. Nearly half (260) of the credit unions—representing 49 percent of new LICU assets and 50 percent of new LICU members—that accepted the LICU designation are headquartered in states affected by the drought.

Additionally, the overwhelming majority of new LICUs are small credit unions. Nearly 80 percent of the newly designated LICUs have assets below \$100 million, and the median asset size of new LICUs is \$24.6 million.

For federal credit unions that did not reply to their Aug. 7 eligibility letters, today NCUA is once again notifying them that they qualify for the low-income designation. They will have 30 days to opt-in to accept the designation.

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To qualify as an LICU, a majority of a federal credit union’s membership must meet low-income thresholds based on 2010 Census data. The designation means an LICU:

- Is eligible for the Community Development Revolving Loan Fund’s grants and low-interest loans;
- Can obtain supplemental capital;
- Is exempt from the 12.25 percent statutory cap on member business loans; and
- Can accept non-member deposits from any source.

The additional 553 new LICUs increases the total number of designated low-income credit unions to 1,740.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 93 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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