BOARD ACTION MEMORANDUM

TO: NCUA Board  DATE: May 24, 2011

FROM: Office of Chief Economist  SUBJ: Final Sample Income Data Rule
Office of General Counsel – Low-Income Designation- §701.34

ACTION REQUESTED: NCUA Board approval of a final rule amending §701.34, the low-income designation rule, with regard to the use of sample income data to qualify federal credit unions for a low-income designation.

DATE ACTION REQUESTED: June 16, 2011.

OTHER OFFICES CONSULTED: Office of Consumer Protection, Office of Small Credit Union Initiatives.

VIEWS OF OFFICES CONSULTED: Concur.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

BUDGET IMPACT, IF ANY: None.

RESPONSIBLE STAFF MEMBERS: John Worth, Chief Economist, and Olga Bruslavski, Economist, Office of the Chief Economist; Robert C. Leonard, Director, Division of Consumer Access, Office of Consumer Protection; and Regina Metz, Staff Attorney, Office of General Counsel.

SUMMARY: The amendment will permit federal credit unions that do not qualify for a low-income designation using the NCUA geo-coding software to submit an analysis of a statistically valid sample of their member income data as evidence they qualify. The reason for the amendment is the current rule, as an alternative to NCUA’s geo-coding software, requires member data drawn from loan applications or member surveys to show a majority of the members are low-income as defined in the low-income rule. Permitting federal credit unions to use a statistically valid sample of member incomes drawn from loan files or surveys, rather than collect income data from a majority of their members, will ease the burden on credit unions attempting to qualify for a low-income designation.

RECOMMENDED ACTION: Recommend the Board issue the final rule.

ATTACHMENT: Final rule.