



September 30, 2013

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

Re: NASCUS Comments on Notice of Proposed IRPS 13-1 for PL 111-203, sec. 367(4), Minority Depository Institution Preservation Program

Dear Ms. Rupp:

The National Association of State Credit Union Supervisors (NASCUS)¹ submits the following comments in response to NCUA's proposed establishment of a Minority Depository Institution Preservation Program, as directed by the Dodd-Frank Act and FIRREA §308. NASCUS believes that preserving and encouraging Minority Depository Institutions (MDIs) within the credit union system is a laudable goal that will help ensure underserved communities retain high quality financial services.

NASCUS and state regulators look forward to working with NCUA to implement the MDI Program. However, in so doing NCUA and state regulators must work together closely to ensure that while meeting this Congressional mandate the need to respond expeditiously and effectively to a troubled institution remains the focus of supervisory oversight.

When a credit union is in troubled condition, it is important that the primary regulator maintain the flexibility to develop solutions and mitigate losses. NCUA should work closely with state regulators to ensure that the general preference guidelines are applied seamlessly in the consideration of MDI and non-MDI potential merger partners for troubled state-chartered institutions.

Time is often of the essence when working with troubled institutions, and application of the general preference guidelines should not delay the resolution of the troubled institution through merger or acquisition by a qualified credit union. In its final rule, NCUA should clarify at what point a merger becomes "involuntary," and therefore subject to the MDI Program guidelines, and how those guidelines will interact with the state regulatory agency's right to pursue other potential resolutions.

NASCUS and state regulators remain committed to working with NCUA to mitigate material risk throughout the credit union system. We appreciate the opportunity to submit comments on this proposal and would be pleased to discuss these comments at NCUA's convenience.

Sincerely,

- signature redacted for electronic publication -

Sabrina Cotter
Regulatory & Public Policy Affairs

¹ NASCUS is the professional association of the nation's state credit union regulatory agencies.