



cuna.org

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September 30, 2013

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Comments on Proposed IRPS 13-1, Minority Depository Institution  
Preservation Program

Dear Mr. Poliquin:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments on the National Credit Union Administration Board's proposed interpretive ruling and policy statement (IRPS) 13-1, to establish a Minority Depository Institution (MDI) Program.

By way of background, CUNA is the nation's largest credit union trade organization, representing our nation's state and federal credit unions, which serve nearly 97 million members.

CUNA strongly supports minority credit unions and the efforts of all credit unions to serve their fields of membership and communities. We applaud the objectives of any program that encourages credit union membership, including initiatives that further the interests of minority credit unions and their members, which are an important facet of the credit union system.

We also support the specific objectives of preserving minority credit unions that NCUA is implementing under Section 367(4)(A) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act, PL 111-203), which amends Section 308 of the Financial Institutions Reform, Recovery and Enhancement Act (PL 101-73). These provisions require NCUA to consider how such goals as the preservation of the present number of minority credit unions and their minority character in cases involving mergers or acquisitions can be accomplished. The statutes also direct NCUA to consider how to provide technical assistance to prevent insolvency of minority credit unions that are not currently insolvent; provide for the creation of new minority credit unions; and provide for training, technical assistance and educational programs.



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These objectives are certainly commendable, but while a separate program may be desirable to achieve these goals, the agency has not provided an analysis comparing the costs of such a program to implementing its responsibilities through other programs that already exist. Separately, NCUA should have provided a cost/benefit analysis of the new program that would inform the entire credit union system regarding how the new initiatives will be funded.

Under the agency's proposal, 50 percent of the membership and 50 percent of the management of the credit union would have to meet the definition of "minority." (Credit unions that have 50 percent of their directors who meet the definition would also qualify.) While the 50 percent of membership requirement is statutory, the requirement to have 50 percent of the management be minority is not. We question whether this additional, non-statutory requirement is necessary and whether it will actually undermine the achievement of the statute's objectives in some cases.

We also think there should be some flexibility for minority institutions that fall below the 50% levels but have plans in place to reach those benchmarks again through marketing, employment recruitment, etc.

Thank you for the opportunity to comment on this IRPS. If you have any questions about our letter, please do not hesitate to give me a call at (202) 508-6736.

Sincerely,

A handwritten signature in cursive script that reads "Mary Mitchell Dunn".

Mary Mitchell Dunn  
Deputy General Counsel and Senior Vice President