



*League of Southeastern
Credit Unions & Affiliates*

September 30, 2013

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

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

Dear Ms. Rupp:

This comment letter represents the views of the League of Southeastern Credit Unions & Affiliates (LSCU) on the National Credit Union Administration's (NCUA's) interpretive ruling and policy statement (IRPS) amending its Minority Depository Institution Preservation Program. By way of background, LSCU is one of the nation's largest credit union trade organizations, representing credit unions in Alabama and Florida serving 6 million members.

The proposed interpretive ruling and policy statement seeks to establish a Minority Depository Institution Preservation Program (MDI Program) with the goal of preserving and encouraging Minority Depository Institutions (MDI). The Board has as its goal a program possessing proactive outreach efforts designed to promote and preserve minority financial institution ownership within the credit union industry. The MDI Program put forth via the IRPS features eligibility criteria, program functionality, initiatives, and institution benefits. We are pleased there appear to be no additional regulatory requirements associated with this IRPS; however, the services and benefits available through the NCUA's Office of Small Credit Union Initiatives (OSCU) are appreciated.

LSCU appreciates NCUA's ongoing efforts to respond to needs within the MDI Program. As you are no doubt aware, Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) established goals in 1989 for preserving and promoting minority depository institutions. Initially only applicable to the FDIC and OTS agencies, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) amended FIRREA §308 to require the NCUA, OCC, and FRB to comply with its goals to preserve and encourage MDIs. We understand the proposed IRPS rule and support its intent but we do have some concerns about its potential application, and unintended consequences for, the MDIs, as discussed below. We urge the NCUA to coordinate as closely as possible with credit union management, stakeholders, and state agencies to ensure the most advantageous outcomes are attained and account holders are not negatively impacted.

LSCU supports the proposed IRPS rule goal of working to preserve the present number of MDIs. While noble in its aim, we are not sure this will be possible given the economic challenges facing financial institutions. Rather than holding to a static number of MDIs, growth within the credit union industry of MDIs for the benefit of the communities they serve and for participating account holders would seem to offer greater opportunity for success. Preserving the minority character of MDIs in cases of involuntary mergers or acquisitions of an MDI by following the priority of the prescribed "general preference guidelines" in identifying a merger or acquisition partner again is preferred when initially seeking an institutional partner. LSCU supports the continuation of a MDI's minority character whenever possible; however, we encourage NCUA to seek the best possible outcome for credit union members based on safe and sound financial factors. The preservation of member assets in times of involuntary mergers or acquisitions should be an NCUA priority.

The regulatory training framework among MDIs is currently uneven and at times limited by credit union resources. We urge NCUA to work to aid these institutions in achieving satisfactory levels of operational and regulatory performance. Providing technical assistance to avoid insolvency and making technical assistance and educational programs available on a variety of topics is critical to any agency effort to maintain MDIs across the country.

Additionally, we are aware of and support benefits being made available to MDI Program participants to assist them in preserving the economic viability of their institutions. NCUA's Office of Small Credit Union Initiatives (OSCUI) efforts to make available to MDIs Small Credit Union Consulting resources, Economic Development Specialist examination assistance, MDI access to NCUA sponsored workshops, and finally helping MDIs obtain grants or loans through NCUA's Community Development Revolving Loan Fund (CDRLF) will foster positive results for the MDI and NCUA. LSCU supports and encourages these efforts. We encourage NCUA to provide information to credit unions, leagues, and state agencies about these efforts and the positive impact of the benefits put forth by this IRPS rule.

In closing, to further limit the loss of MDIs, we urge the agency to reduce the impact of regulatory burdens placed on credit unions. We also recommend the agency coordinate with other involved participants where possible to increase the likelihood of preserving MDIs in the future. LSCU stands ready to assist when called upon.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact me directly at (205) 437-2165.

Sincerely,



Scott Morris

Director of Regulatory Advocacy