



JUN27'08 AM 9:54 BOARD

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June 26, 2008

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: RIN 3133-AC98
The Low-Income Definition

Dear Secretary Rupp:

On behalf of the Credit Union Association of New York (the "Association"), I would like to take this opportunity to comment on NCUA's proposal to alter one of the criteria used in determining whether or not a credit union qualifies for designation as a low-income credit union. Specifically, this proposal would shift from using median household income (MHI) to median family income (MFI). Even though the Association is generally very supportive of this proposal, we would suggest a modification to avoid harming those credit unions that currently qualify for low-income designation under the existing criteria.

The Outreach Task Force Report, which originally put forward this proposal, makes a compelling case that the current use of MHI needlessly creates confusion and relies on outdated geographic criteria, which do not always accurately reflect the true makeup of a community that a credit union may seek to serve. Credit unions are understandably confused, for example, when they find out that MFI is used to determine whether or not they qualify for providing services in an underserved area, but is not used when determining whether or not they qualify for a low-income designation. As a result, for both consistency and accuracy, this change makes sense.

However, as the Outreach Task Force Report itself noted, it cannot be determined whether changing from MHI to MFI will have an impact on the number of credit unions qualifying for low-income designations even though a "material" impact is not anticipated. To aid those credit unions that may find themselves no longer qualifying for low-income designation, this proposal would provide a temporary five (5) year reprieve for those existing low-income credit unions that do not qualify under MFI criteria. The Association suggests that rather than giving these credit unions five years, the NCUA should simply permanently grandfather in all existing low-income credit unions and apply the new criteria for all applicants going forward. The rationale for NCUA's proposal is to create regulatory uniformity and to eliminate nonsensical, outdated geographic criteria, not to penalize credit unions. Since there is absolutely no indication that those credit unions currently providing services pursuant to a low-income designation are doing a disservice to the members they serve, they should not be put at a disadvantage merely because of a definitional shift which can be applied uniformly going forward.

I hope these comments have been of use to you.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin".

William J. Mellin
President/CEO

Leading the Way