

## NCUA's Low-income Credit Union Designation in Brief\*

### What is the low-income credit union designation?

A low-income credit union (LICU) designation, given by the NCUA, means that over half (at least 50.1%) of the credit union's members fall into the category of low-income as defined by NCUA.

### How is low-income member defined by the NCUA?

For the purpose of the low-income credit union designation low-income is defined as having at least 50.1% of the members at a credit union with income below 80% of the median family income or the median individual income for the area based on the use of credit union member data compared to US census information. The NCUA's definition is written to the benefit of credit unions as it allows credit unions to decide whether to use median family or median individual income. Low-income members are also those members enrolled as students in a college, university, high school, or vocational school. Low-income members are defined in Section 701.34 of the NCUA Rules and Regulations.

### What are the benefits of being a low-income credit union?

Low-income designated credit unions may:

- Accept non-member deposits
- Participate in the Community Development Revolving Loan Fund Grants & Loans
- Accept secondary (alternative) capital accounts
- Qualify for exception from the aggregate loan limit for member business loans

Benefits will be described in more detail in a separate document

### How does a credit union become low-income designated?

- If a **federally** chartered credit union:
  - Typically qualified based on data obtained through examinations
  - Regional director will notify a federal credit union that it qualifies for low-income designation
  - Credit union has 30 days from receipt of regional director's notification to reply to regional director that they wish to receive designation
  - If a federal credit union does not receive notification but believes they may qualify they may submit information to their regional director to demonstrate their eligibility
    - Examples of information to submit:
      - Member income from loan applications
      - Member income from surveys
- If a **state** chartered credit union:
  - Submit information to prove low-income membership to state regulators
  - Receive state regulator approval based on qualifications set by state
  - LICU request is forwarded to the respective NCUA Regional Director for Concurrence

What resources are available to further assist credit unions interested in the low-income credit union designation?

- *Regional NCUA Director (Michigan is in Region 1)*  
Region I—Albany  
9 Washington Square  
Washington Avenue Extension  
Albany, New York 12205  
Phone: 518-862-7400  
Fax: 518-862-7420  
[region1@ncua.gov](mailto:region1@ncua.gov)
- *Office of Small Credit Union Initiatives*  
1775 Duke Street  
Alexandria, Virginia 22314  
Phone: 703-518-6610  
[oscuimail@ncua.gov](mailto:oscuimail@ncua.gov)  
<http://www.ncua.gov/About/Org/ocud.aspx>
- *The Federation of Community Development Credit Unions*  
[www.cdcu.coop](http://www.cdcu.coop)
- *The Office of Financial and Insurance Regulation (OFIR) for state chartered credit unions*  
[http://www.michigan.gov/dleg/0,1607,7-154-10555\\_13047\\_32589---,00.html](http://www.michigan.gov/dleg/0,1607,7-154-10555_13047_32589---,00.html)
- *Current Low Income Credit Unions*

What credit unions in the state of Michigan are currently Low-income Credit Unions?

*Federal Credit Unions*

<b>Credit Union Name</b>	<b>City, State</b>
BARAGA COUNTY	Lanse, MI
BETHEL A.M.E. CHURCH	Saginaw, MI
CENTRAL MICHIGAN COMMUNITY	Clare, MI
CHATHAM EBEN CO OP	Chatham, MI
FOREST AREA	Fife Lake, MI
FOSS AVENUE BAPTIST CHURCH	Flint, MI
FRANKFORT COMMUNITY	Frankfort, MI
GOGEBIC COUNTY	Bessemer, MI
HARBOR BEACH COMMUNITY	Harbor Beach, MI
INSPIRE COMMUNITY DEVELOPMENT	Battle Creek, MI
LIMESTONE	MANISTIQUE, MI
MANISTIQUE	Manistique, MI
MENOMINEE COUNTY	Powers, MI
MICHIGAN TECH EMPLOYEES	Houghton, MI
MORTON MANISTEE	MANISTEE, MI
NEW RISING STAR	Detroit, MI
NORTHERN UNITED	Escanaba, MI
NORTHLAND AREA	Oscoda, MI
NORTHWEST CONSUMERS	Traverse City, MI

ONAWAY COMMUNITY	Onaway, MI
ROCK COMMUNITY	Rock, MI
SETTLERS	Bruce Crossing, MI
STRAITS AREA	Cheboygan, MI
TORCH LAKE	Lake Linden, MI
TRENARY COOPERATIVE	Trenary, MI

*Federally Insured State Credit Unions*

<b>Credit Union Name</b>	<b>City, State</b>
ALPENA COMMUNITY	Alpena, MI
CHIPPEWA COUNTY	Sault Sainte Marie, MI
COMMUNICATING ARTS	Detroit, MI
FEDERAL EMPLOYEES OF CHIPPEWA CNTY	Sault Sainte Marie, MI
LAKE SUPERIOR	Ontonagon, MI
MUNISING COMMUNITY	Munising, MI
THUNDER BAY AREA	Alpena, MI
U.P. STATE	Escanaba, MI

*What happens if the income of the credit union membership changes?*

- The regional director will notify the designated CU that it no longer meets the criteria for the designation in writing
- The credit union must, within five years
  - meet the criteria for the designation
- Or
  - come into compliance with the regulatory requirements applicable to federal credit unions that do not have a low-income designation
- If a federal credit union does not re-qualify and has secondary capital or nonmember deposits with a maturity beyond the five-year period, a regional director may extend the time for the credit union to come into compliance with regulatory requirements
- A federal credit union may appeal a regional director's determination that the credit union no longer meets the criteria for the low-income designation to the Board within 60 days of the date of the notice from the director

\*This document is intended as a brief summary of the Low-Income Credit Union designation as set out by the NCUA. Interested credit unions should reference the full and most up to date information regarding low-income designation by contacting their regulator or examiner and reading the whole low-income designation rule and regulation available through NCUA. All information as of February 2011.