

BOARD ACTION MEMORANDUM

TO: NCUA Board **DATE:** July 17, 2013
FROM: Director Tawana Y. James **SUBJ:** Proposed Minority Depository Institution
Office of Minority & Preservation Program Policy Statement
Women Inclusion and Request for Comments

ACTION REQUESTED: Approval of proposed Interpretive Ruling and Policy Statement #13-1 for the Minority Depository Institution Preservation Program and request comments.

DATE ACTION REQUESTED: July 25, 2013

OTHER OFFICES CONSULTED: Office of General Counsel, Office of Small Credit Union Initiatives, Office of Consumer Protection, Office of Examination and Insurance, and Regions.

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

RESPONSIBLE STAFF MEMBERS: Office of Minority and Women Inclusion Director Tawana Y. James; Diversity Outreach Program Analyst Cynthia Vaughn; and Staff Attorney Steve Widerman.

SUMMARY: Congress established the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) into law to, among other things, promote the financial stability of the United States by improving accountability and transparency in the financial system. Section 367 of this legislation required the establishment of a program to preserve the number and character of minority depository institutions and the submission of an annual report to Congress describing the actions taken to accomplish this mandate.

In 1989, Congress enacted Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) which established goals for preserving and encouraging minority depository institutions. This section applied only to the Federal Deposit Insurance Corporation (FDIC) and the Office of Thrift Supervision (OTS). The FDIC and OTS developed various initiatives, such as training, technical assistance, and educational programs, aimed at preserving federally insured banks and savings institutions that meet FIRREA's definition of a minority depository institution (MDI).

In 2010, Congress enacted Section 367 of the Dodd Frank Wall Street Reform and Consumer Protection Act, which amended FIRREA §308 to require NCUA, Board of Governors of the Federal Reserve System, and Office of Comptroller of the Currency to comply with its goals to preserve and promote MDIs. This section also requires these agencies, along with FDIC, to each submit an annual report to Congress describing actions taken to carry out FIRREA §308.

The NCUA Board is proposing this IRPS as the basis for establishing a Minority Depository Institution Preservation Program (MDI Program) designed to achieve the goals of preserving and encouraging Minority Depository Institutions (MDIs) as FIRREA §308 directs. Recognizing the important role of MDIs in minority communities, the NCUA Board envisions a program of proactive steps and outreach efforts to promote and preserve minority ownership in the credit union industry. This IRPS prescribes an MDI Program featuring the eligibility criteria, program functionality, initiatives, and benefits.

RECOMMENDED ACTION: Approve the proposed Interpretive Ruling and Policy Statement #13-1 for the Minority Depository Institution Preservation Program and request comments.

ATTACHMENT