



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

TO: All New York State Chartered Credit Unions
FROM: Maria T. Vullo, Superintendent of Financial Services
RE: Low-Income Designation for New York State Chartered Credit Unions
DATE: October 19, 2017

The New York State Department of Financial Services (the “Department”) issues this guidance to notify all New York State chartered credit unions of a new process to facilitate their obtaining a designation as a “low-income credit union” within the meaning of Section 450–a of the New York Banking Law. This initiative seeks to provide further access to financial services to communities across New York State, and treats New York State chartered credit unions on an equal footing with federally chartered credit unions.

In order to obtain a designation as a “low-income credit union,” a New York State chartered credit union must satisfy the requirements of both Section 450–a (5) of the Banking Law and Section 701.34(a) of the Regulations of the National Credit Union Administration (the “NCUA”). Under Section 450–a (5), a majority of the credit union’s members must:

- “(a) make less than eighty percent of the average for all wage earners. . . or have annual household incomes that fall at or below eighty percent of the median household income for the nation . . . ; or
- (b) [be] residents of a public housing project who qualify for such residency because of low-income; or
- (c) qualify to receive benefits from any program designed to assist the economically disadvantaged. . .”

Under Section 701.34(a), a credit union can be designated as low-income and the salient test for whether members are low-income is generally whether:

- their “family income is 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater,” or
- they “earn 80% or less than the total median earnings for individuals for the metropolitan area where they live or national metropolitan area, whichever is greater.”¹

¹ Section 701.34 also treats students enrolled in “a college, university, high school, or vocational school” as “low-income members.”

The two “eighty-percent tests” in Section 450–a (5) are analogous to the two “eighty-percent tests” in Section 701.34(a). The purpose of each set of tests is the same – determining whether the credit union is serving predominately low-income members.

A state or federally chartered credit union may demonstrate that it satisfies the “eighty-percent tests” by providing documentation of its members' individual incomes or of their household incomes. As an alternative, the Department can use a geographic method, which is also used by the NCUA to evaluate whether a federally chartered credit union is eligible for a low-income designation. The geographic method is based on data reported by the U.S. Census Bureau for the geographic area where a credit union’s members live. To make such evaluation, the Department may rely on income levels of members identified by zip codes or census block data, or demographic information customarily used and accepted to document low-income eligibility for federal and state programs.

The NCUA and the National Association of State Credit Union Supervisors have jointly announced a streamlined process to determine the eligibility of state-chartered credit unions. Under this process, the Department can provide the NCUA with the member geographic data of a New York State chartered credit union. The NCUA will use that data to evaluate whether the credit union is eligible for a low-income designation. The Department retains the sole authority to make the low-income designation for New York State chartered credit unions.

If your credit union wishes to have its eligibility for a low-income designation evaluated under the streamlined process described above, please submit a letter of request to Yolanda Ford, Deputy Superintendent of Banking for Community & Regional Banks division of the Department.

A handwritten signature in black ink, appearing to read "Maria T. Vullo". The signature is written in a cursive, flowing style.

Maria T. Vullo
Superintendent