



May 16, 2011

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

Re: Net Worth and Equity Ratio; 12 C.F.R. Part 700, 701, 702 and 741; March 23, 2011

Dear Ms. Rupp:

I am writing in response to the National Credit Union Administration's (NCUA) proposal to implement Section 216(o)(2) of the Federal Credit Union Act providing assistance under Section 208 to facilitate a least-cost resolution consistent in the best interests of the credit union system; this goal is to be achieved by amending the definitions of both "net worth" and "equity ratio" within the National Credit Union Share Insurance Fund (NCUSIF.)

Within the three (3) primary areas affected by the proposal, Public Service Credit Union (PSCU) agrees with one(1) and recommends reconsideration of the remaining two (2).

Section 208 Assistance – We agree the surviving credit union should be able to count the assistance as capital; disallowing the use of any portion of 208 Assistance would discourage interested credit unions from choosing to participate in these types transactions.

Defining Net Worth - The definition of net worth should be applied consistently throughout all regulations. Application of the term "net worth" differently in 12 CFR 723.21, regarding member business loans, would be unjust to those responsible for complying with and interpreting the rule. Inconsistency in the definition of like terms is likely to cause confusion of the application of such terms both in practice and in exam.

Net Worth Calculation - The proposed changes regarding net worth calculation for mergers with bargain purchase gains will negate the legislation passed in 2006, a necessary and well supported piece of legislation. In the wake of the current economic environment many credit unions could not absorb the impact associated with the mergers this change in legislation would effect, the proposed legislation would likely result in the surviving credit union reporting a lower net worth ratio than necessary and discouraging merger activity. We, therefore, disagree with the proposed change.

As credit unions and the credit union movement strive to survive in these trying economic times legislation should not be introduced which would preclude credit unions from merging with troubled credit unions or increasing the regulatory burden faced to the credit unions without a corresponding, and significant benefit to the share insurance fund.



As a federally insured credit union we trust the decision made will support the best interest of all parties involved.

Sincerely,

Michelle Tygart
Staff Attorney