



New York State  
Credit Union League, Inc.  
and Affiliates

"Serving and supporting credit unions since 1917."

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September 27, 2005

Ms. Becky Baker  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Dear Ms. Baker,

On behalf of the New York State Credit Union League (NYSCUL), I would like to thank the National Credit Union Administration (NCUA) Board for inviting us to comment on the RegFlex Program Eligibility – Minimum Net Worth Requirements proposal. We applaud the Board's desire to address the important subject of RegFlex Eligibility.

Currently, credit unions are required to maintain a CAMEL rating of 1 or 2 for two consecutive exam cycles and have net worth equal to 200 basis points above the "well-capitalized" classification under PCA, or 9%. The proposed change would require credit unions to have net worth equal to "well-capitalized" (7%) for six consecutive quarters to attain the RegFlex designation. NYSCUL supports these changes.

Since credit unions are currently required to have a net worth of 7% or greater to be considered "well-capitalized," we believe it is appropriate for credit unions to be required to maintain net worth of 7%, as opposed to net worth of 9%, to be considered eligible for RegFlex. The risk associated with reducing the net worth requirement is mitigated by requiring credit unions to maintain a 7% net worth position for six consecutive quarters. We believe this is a sufficient barometer to gauge a credit union's ability to maintain a satisfactory net worth level in order to receive the benefits of RegFlex.

Once again, the New York State Credit Union League would like to thank the NCUA Board for the opportunity to comment. We would be happy to discuss this matter further, if you so desire.

Sincerely,

William J. Mellin  
President and CEO, NYSCUL