Affinity
Federal Credit Union

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Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: **Comments on NCUA's Proposed Changes to Rule 701, In Danger of Insolvency Definition**

Dear Mr. Poliquin:

We appreciate the opportunity to comment on the National Credit Union Administration (NCUA) Board's proposed changes to Rule 701 and the definition of Credit Unions in danger of insolvency.

Affinity Federal Credit Union (Affinity) located in Basking Ridge, New Jersey is $2.9 billion in assets serving our over 150,000 members with 22 physical locations in New Jersey, New York and Connecticut.

The NCUA proposal redefines "in danger of insolvency" for purposes of an emergency merger as follows:

1. Lengthen by six months the forecast horizons, or time periods in which the NCUA projects a credit union's net worth for determining if it is in danger of insolvency or if it is critically undercapitalized.
2. Expand the definition of "in danger of insolvency" to add a forth category that provides that a credit union will satisfy the danger of insolvency if the credit union has been granted or received assistance under Section 208 of the FCU Act in the 15 months prior to the Region making such determination.

It is Affinity's hope that NCUA, even before applying the provisions outlined in the revised definition of "in danger of insolvency", would have exhausted every option for assisting the troubled credit union long before the application of the proposed definition is necessary.

If after NCUA has exhausted every means to assist the troubled credit union the results do not improve, then Affinity agrees with the lengthening of the forecast horizon and the addition of the Section 208 assistance to the definition of "in danger of insolvency".

Mergers by their very nature are expensive and draining to the acquiring organization and are made even more costly when there is limited capital remaining or the membership base has departed. Thus if NCUA can identify and take action sooner to preserve the capital and membership base, the opportunity to find a merger partner for the troubled credit union should be made easier, preserving credit union membership for the members of the troubled credit union.

Affinity would encourage NCUA to continue to work with troubled credit unions to develop and consider all the implications of their financial condition. Credit union members deserve a safe and sound institution in which to entrust their financial affairs and also the ability to determine where and to whom their credit union merges. NCUA's needs to preserve as much capital of the troubled institution as possible for all involved parties.

Thank you for the opportunity to share our thoughts.

Kind regards,

John T. Fenton
President & Chief Executive Officer