



November 26, 2012

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

Dear Ms. Rupp:

On behalf of the Credit Union Association of New York, I would like to take this opportunity to write in strong support of NCUA's proposal to authorize federally-chartered credit unions to invest in Treasury Inflation Protected Securities (TIPS). Expanding the authority of federally-chartered credit unions to purchase these instruments will give credit unions welcomed flexibility to address sudden changes to underlying economic conditions.

While some credit unions indicated that they lacked the expertise to purchase the securities, the reaction of New York's credit unions to this proposal was among the most positive of any NCUA proposal this year. The Association gathered reactions to this proposal and credit unions indicated that while they would not purchase TIPS in the current economic climate, they certainly would use these securities in the future as an effective hedge against inflation. In addition, certain state charters indicated that they already enjoy similar investment authority, demonstrating these securities can be utilized consistently with safety and soundness.


While supportive of NCUA's proposal, the Association urges NCUA to continue to examine ways in which the investment authority of credit unions could be expanded to allow them to better hedge against unforeseen developments during this time of continuing economic uncertainty. In particular, NCUA should move forward with a proposal to allow credit unions to utilize interest rate swaps as a means of guarding against reliance on mortgage loans. One of the primary regulatory concerns of NCUA at this time is an interest rate spike. Even though it has mandated that credit unions better document the steps they are taking to guard against such risks, the overly restrictive investment limits placed on credit unions make it difficult for the industry to fully utilize financial instruments to help guard against sudden shifts in the economy.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is written in a cursive style with a large initial "W".

William J. Mellin
President/CEO

Leading the Way

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