



February 27, 2012

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

RE: Proposed Rule 742, Regulatory Flexibility Program

Dear Ms. Rupp:

On behalf of the Credit Union Association of New York, I would like to take this opportunity to comment in support of NCUA's proposal to extend RegFlex powers to all credit unions. Specifically, the proposal would eliminate current requirements restricting RegFlex powers to only certain credit unions, thereby making enhanced regulatory flexibility available to all credit unions. Although there are certain aspects of this proposal that should be modified, it represents a commonsense means of giving credit unions mandate relief at a time of increasing regulatory restrictions.

As is our usual practice, in preparation of submitting this letter, the Association surveyed our credit unions regarding various aspects of this regulation. Generally, feedback indicates that while credit unions may not extensively use individual powers granted to them, the increased flexibility will aid credit unions. For example, a large number of credit unions are in support of allowing credit unions up to six years to partially occupy unimproved land purchased with an eye toward building expansion. Most credit unions will probably not use the expanded timeframe, but knowing that the flexibility exists will help them to efficiently implement building plans. As pointed out by one of our credit unions, they don't know if they would go beyond the existing three-year time frame, but "it is nice to have the flexibility if needed."

A second power would allow credit unions to donate to charities without seeking board approval for each individual donation. Many credit unions have longstanding commitments to causes ranging from youth organizations to children's hospitals; this type of change may not seem important, but by eliminating a bureaucratic hurdle, credit unions will be able to further their mission of helping people of modest means.

New York State credit unions were generally supportive of giving credit unions expanded investment authority including the right to purchase private label securities and enter into short-term repurchase agreements. However, there is also recognition that these relatively sophisticated financial instruments require a baseline of expertise. There should be requirements for staff to have the demonstrated expertise to handle these transactions. The existing MBL requirements may provide a useful template.

Taken as a whole, these proposals represent a modest but helpful decrease to the regulatory burden. However, while many credit unions support the RegFlex expansion, any value credit unions may receive as a result of this proposal would be outweighed by the NCUA's proposal restricting the use of Participation Loans. This proposal is a step in the right direction, but much more needs to be done if the NCUA wants to give credit unions the flexibility they need to best serve their members.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin".

William J. Mellin  
President/CEO

*Leading the Way*