NEW YORK creditunion ASSOCIATION

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October 15, 2021

Ms Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314– 3428
Electronic submission via http://www.regulations.gov

Re: NCUA-2021-0072: Capital Adequacy: The Complex Credit Union Leverage Ratio; Risk-Based Capital

The New York Credit Union Association (NYCUA), representing all New York credit unions and their more than 6 million members, appreciates the opportunity to comment on the proposed rule to establish the Complex Credit Union Leverage Ratio (CCULR) as an alternative measure of capital adequacy.

Firstly, the NYCUA applauds the CCULR proposal as an attempt to give credit unions greater flexibility in meeting their net ratio requirements. This is especially true of a credit union's ability to opt-in or out of the framework as seen fit. However, we continue to question the need for, and utility of, the risk-based capital (RBC) framework. Since the rule was finalized in 2015, NYCUA has argued that the RBC rule is an unnecessary overreaction to regulatory changes imposed on banks. The Credit Union Act does not mandate the creation of a more sophisticated RBC framework. Additionally, the existing capital framework was more than adequate for the task of getting credit unions through the mortgage meltdown.

Secondly, the two-year transition period starting on January 1, 2022, ending on January 1, 2024, is too short and is already quickly approaching. The phase-in should be expanded to provide sufficient time for the impact of COVID-19 to subside. The unprecedented pandemic-fueled capital infusion caused artificial declines in net worth ratios that are not reflective of credit union health. Recovery efforts have been stalled with the ongoing combination of the spread of the Delta variant, elevated unemployment rates, and general consumer ambivalence. In light of the significant economic uncertainty and the looming effective date, a longer transition period is necessary to maximize the number of complex credit unions to be in a position to opt-in to the CCULR framework.

And finally, as the NCUA proceeds, further guidance on off-balance-sheet exposures would be appreciated.

Thank you for the opportunity to comment on this proposal.

Sincerely,
William J. Mellin

President/CEO
New York Credit Union Association