

August 31, 2005

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

Re: RegFlex Program Eligibility – Minimum Net Worth Requirements

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the National Credit Union Administration's proposal to revise the rules regarding RegFlex program eligibility for federal credit unions and federally insured state credit unions. GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 195 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Background:

The National Credit Union Administration (NCUA) seeks public comment on a proposal to modify the minimum net worth and CAMEL criteria for eligibility for NCUA's Regulatory Flexibility Program. Federally insured credit unions that qualify for the Program are exempt in whole or in part from a series of regulatory restrictions and also are allowed to purchase and hold an expanded range of eligible obligations.

To qualify automatically under the existing RegFlex Program, a credit union must meet two criteria. First, it must have a composite CAMEL rating of "1" or "2" for two consecutive examination cycles. Second, it also must achieve a net worth ratio of 9 percent (200 basis points above the net worth ratio to be classified "well capitalized") for a single Call Reporting period, unless it is subject to a risk-based net worth ("RBNW") requirement.

The proposed rule modifies the RegFlex eligibility criteria to fully reflect sustained superior performance as measured by net worth and CAMEL rating. To qualify for

RegFlex automatically or by application, the proposed rule brings the minimum net worth criterion for RegFlex to 7% -- into alignment with the "well capitalized" net worth category under NCUA's system of prompt corrective action ("PCA").

The proposed rule also requires a credit union to meet a dual standard: to be "well capitalized" and to maintain that level for six consecutive quarters. The six-quarter period coincides with the eighteen-month examination schedule that applies to most RegFlex qualifying credit unions. A credit union that is unable to maintain the minimum net worth for six consecutive quarters still would be eligible to apply to the appropriate Regional Director for a RegFlex designation provided the credit union is rated a CAMEL "2" or better.

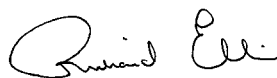
Lastly, the proposed rule eliminates the requirement that NCUA notify credit unions that qualify automatically for RegFlex. The rule leaves intact the requirement for a Regional Director to notify a credit union that has applied for RegFlex designation whether or not it has been granted.

Summary of GCUL's Position:

We support each of the changes to the RegFlex Program eligibility requirements as proposed. We commend NCUA on the sound reasoning behind each of the changes and for achieving consistency among definitions between regulations.

Thank you for the opportunity to comment on the proposed RegFlex Program Eligibility revisions. If you have questions about our comments, please contact Cynthia Connelly or me at (770) 476-9625.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Richard Ellis".

Richard Ellis  
Vice President/Credit Union Development  
Georgia Credit Union League