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Contacts: Linda Armyn
Bethpage Federal Credit Union
Office 516/349-6754
Cell 516/647-2462
Audrey Cohen
Epoch 5 Public Relations
Office 631/427-1713
Cell 516/263-6546

## BETHPAGE FEDERAL CREDIT UNION SUPPORTS REPRESENTATIVE PETER KING'S (R-NY) NEW BILL TO IMPROVE SAFETY AND SOUNDNESS AND EXPAND ACCESS TO CREDIT UNIONS

**Washington, D.C. – February 10, 2012 –** Bethpage Federal Credit Union, a partner with the Coalition for Credit Union Access, along with other consumer credit unions, and their leading trade associations today announced their support for legislation being presented today by Representative Peter King (R-NY), to allow credit unions to accept additional forms of capital to supplement their retained earnings – thus improving the safety and soundness of, and expand access to, credit unions.

The Capital Access for Small Businesses and Jobs Act, (H.R. 3993) introduced by Representatives Peter King (R-NY) and Brad Sherman (D-CA), would empower the National Credit Union Administration (NCUA), the federal credit union regulator, to authorize qualified credit unions to accept additional forms of capital to supplement their retained earnings. "Allowing qualified credit unions access to supplemental capital will enable them to grow safely and better serve their members," said Kirk Kordeleski, President and Chief Executive Officer, Bethpage Federal Credit Union. "There is a pressing need for access to affordable financial services. This bill will allow us to expand service and lending to members in our community." At this time, only Low Income and Corporate Credit Unions have the ability to get Supplemental Capital.

The bill is being spearheaded by Congressman Peter King as the bill originator, who came on board to help assist small businesses and consumers have access to credit unions to help them thrive, and help create new jobs. The legislation is necessary because current credit union capital requirements restrict credit unions' ability to grow and serve members in their communities. Under current law, a credit union's net worth ratio is determined solely on the basis of retained earnings as a percentage of total assets. As a consequence, a credit union that

is successful in serving its members and attracting new shares runs the risk of diluting its regulatory capital ratio, triggering non-discretionary capital-based supervisory actions under prompt corrective action (PCA) rules.

This is an issue of "regulatory parity" and safety and soundness according to Mary Martha Fortney, President/CEO of the National Association of State Credit Union Supervisors (NASCUS). "Congress has provided federal banking regulators with the authority and the flexibility to adjust capital requirements in response to changes in economic conditions and as a tool to protect safety and soundness. This is sound regulatory policy. The same authority should be provided to the federal credit union regulator."

These capital-based standards were never intended to discourage manageable asset growth by well-managed, financially healthy credit unions. This "PCA trap," where credit unions are penalized for providing more accessibility to borrowers, is real and it harms consumers who need access to the reasonably priced financial services that credit unions offer.

"The unprecedented financial and economic stress of the past few years has reinforced the need for capital reform," said Gary Oakland, President and Chief Executive Officer, BECU. "Under the current law, well-managed, financially healthy credit unions are discouraged from, and even penalized for, attracting new members who want access to affordable financial services. That makes no sense," said Oakland.

Credit unions are not-for-profit financial cooperatives that serve more than 90 million Americans. Credit unions are a vital source for affordable consumer financial services and private sector lending in the United States.

<u>Bethpage Federal Credit Union</u> is a not-for-profit financial cooperative, existing solely to serve its members and has experienced rapid growth in recent years to become a strong alternative to banks. Bethpage was approved for the largest federal community charter in the U.S. in 2003 and now is Long Island's largest credit union and leading community financial institution with over 196,000 members, 26 branches and 60 shared service center locations throughout Nassau and Suffolk Counties. As a financial cooperative, Bethpage offers better rates, lower fees and a full menu of personal and commercial financial services.

Bethpage maintains branch locations in Bay Shore, Bay Shore King Kullen, Bethpage, Central Islip, Commack King Kullen, Elmont, Farmingdale, Freeport, Glen Cove, Hempstead, Huntington, Levittown King Kullen, Lynbrook, Massapequa, Melville, Mineola, North Babylon, Patchogue, Port Jefferson, Riverhead, Seaford, Smithtown, Roosevelt, West Babylon and Westbury with over 350 surcharge-free ATMs in King Kullen, 7-Eleven, Walgreens and Costco locations throughout Long Island. For more information, call 1-800-628-7070 or visit www.lovebethpage.com.