

May 13, 2014

MAY 16 '14 PM 2:22 BOARD

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

Thank you for allowing me to comment on the proposed Risk Based Capital Rule. I manage a closed-chartered credit union with approximately 6,400 members and \$140 Million in total assets. We are well capitalized using both the existing capital formula as well as the proposed risk based formula. Even so, I have some significant concerns regarding the proposal as it is currently crafted.

First of all, I am not sure of the need for the new risk based capital calculation. My credit union and the vast majority of all credit unions were able to withstand one of the worst recessions in history by adhering to the existing capital requirements.

I am very troubled with the portion of the rule that allows subjective, case by case capital requirements. This provides an excessive level of power and responsibility to examiners and invites disparate treatment of credit unions by exam teams.

The risk weights used for various asset categories and the ramped nature of those weights based on concentration risk puts credit unions at a competitive disadvantage to banks. This needs to be addressed before the rule is finalized.

Finally, because of the significant changes that some credit unions will have to make to their balance sheets, capital structure and strategy, an 18 month implementation period is far too short. The banks have been allowed nine years to implement the Basel III capital requirements.

Thanks again for the opportunity to share my concerns. This proposal could profoundly limit the level of service and value provided to credit union members and, therefore, needs to be significantly revamped or eliminated entirely.

Sincerely,



Scott Bliss
President