



STATE CREDIT UNION
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May 14, 2014

MAY19'14 PM 2:03 BOARD

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

Dear Mr. Poliquin,

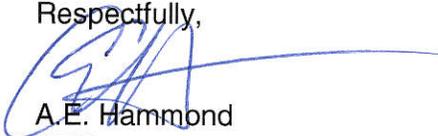
Thank you for the opportunity to respond to the proposed risk-based capital regulation. Based upon NCUA's March 31, 2014 calculation, SC State FCU's net worth is 11.30% and its risk-based capital is 18.72%. In essence and at this particular point in time, the rule has virtually no impact on SCSFCU's capital position. That said, we have the following concerns:

- The risk-weightings appear arbitrary.
- The rule, as proposed, may place well-run credit unions at a competitive disadvantage.
- There is at least some indication that examiners will be required to use discretion in determining Individual Minimum Capital Requirements.
- We are concerned that arbitrary risk-weightings and examiner discretion will create potential for inconsistent regulation and enforcement.
- Continued rigorous analysis and efforts to ensure that examiners are properly equipped with the right questions while conducting their examinations would seem far superior to a regulation that applies seemingly arbitrary risk-weightings across the board.

There are a number of consultants to the industry who will take exception to the risk-weighting factors and individual components. Having dealt with and responded to matters of "examiner discretion" our concerns are more philosophically and broad based.

We respectfully ask that the Board postpone implementation in order to take the necessary time to fully consider how the regulation, in its proposed form, could adversely impact the industry.

Respectfully,


A.E. Hammond
CEO