



■ FEDERAL CREDIT UNION ■

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May 14, 2014

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

Dear Mr. Poliquin:

I am writing on behalf of GHS Federal Credit Union, a \$131 million asset credit union serving over 14,500 members in New York's Southern Tier. GHS Federal Credit Union appreciates the opportunity to provide our comments to the National Credit Union Administration (NCUA) on the proposed rule regarding Prompt Corrective Action, Risk Based Net Worth.

GHS Federal Credit Union opposes the NCUA's proposal. Our chief concern is that the Agency has not justified the need for this rule nor for a more sophisticated risk based capital framework for credit unions. Our credit union agrees that there is a need to guard against credit, concentration and liquidity risks and believes the current rule adequately meets this need. In our opinion, the proposal does not address an identified need and will, instead of strengthening the industry, actually hurt the credit union industry as a whole. We believe it is important to note the proposal will have a very limited impact on GHS Federal Credit Union so that the NCUA Board understands we are not providing these comments from the standpoint of being personally impacted by the rule. Rather, we recognize that the credit union industry, as a whole, must be strengthened through properly constructed, necessary regulation and that anything else does more harm than good. Unfortunately, this proposal falls into the latter category.

While we oppose the proposal as a whole, we would like to note, however, that there are aspects of the proposal we do agree with. For example, we agree with the proposed risk weightings associated with investments with weighted-average life between 5-10 and over 10



years. In our opinion, this risk weighting properly accounts for the inherent risk associated with these investments.

In conclusion, we strongly encourage the NCUA to reconsider the need for this proposal and if after careful reconsideration it does feel a revised rule is necessary, we ask that the NCUA clearly explain the justification and need for the change and craft a rule that is tailored to the those needs.

Thank you again for the opportunity to comment on the proposed rule.

Sincerely,

A handwritten signature in black ink that reads "Sandra McCarty". The signature is written in a cursive style with a large, looped initial "S" and "M".

Sandra McCarty

Director of Operations

GHS Federal Credit Union