



1201 Wayne Street  
206 North Clark Street  
Olean, New York 14760  
716-372-6607  
800-854-6052  
Fax 716-372-8119  
[www.oleanareafcu.org](http://www.oleanareafcu.org)

May 27, 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 Olean Area Federal Credit Union, a \$244 million asset credit union serving nearly 20,000 members in western New York. Olean Area 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.

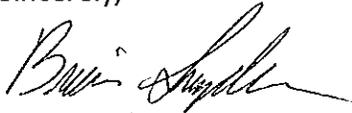
While the proposed rule will not impact Olean Area Federal Credit Union immediately or in the near future, our credit union believes certain changes are needed in order to improve the proposal. Olean Area supports a more sophisticated risk based capital framework for credit unions and strongly believes the proper framework will guard against credit, interest rate, concentration and liquidity risks. However, in our opinion, the proposal does not adequately meet this intent because a number of the risk weightings, especially those associated with member business loans and mortgage loan concentrations do not appear to be properly calibrated for credit unions. In addition, these loans should have different risk weightings assigned to them based on whether the loans are current or delinquent. Another aspect the proposal fails to take into consideration is the maturity of certain loan portfolios such as residential lending and commercial loan portfolios. This includes the maturity of the interest rate when considering adjustable rate loans. In order for the proposal to meet its goal of creating a more sophisticated risk based capital framework, the proposal must be revised to properly calibrate the risk weightings and account for delinquencies and loan portfolio maturities.

We would also note, however, that there are aspects of the proposal we do agree with. For example, we agree with the proposed risk weightings associated with corporate credit union perpetual capital, CUSOs and investments with weighted-average life between 5-10 and over 10 years. In our opinion, these risk weightings properly account for the inherent risk associated with these items.

To reiterate, Olean Area Federal Credit Union supports an enhanced risk based net worth system. We urge the NCUA to reevaluate the proposal and refine it to account for the issues raised above before incorporating any final changes to the current system.

Thank you again for the opportunity to comment on the proposed rule. Olean Area Federal Credit Union welcomes the opportunity to further discuss the issues raised above.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Snyder", written in a cursive style.

Brian Snyder

Chief Executive Officer

Olean Area Federal Credit Union