



May 22, 2014

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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 Oswego County Federal Credit Union, a \$58 million asset credit union serving more than 9,000 members in Oswego County in upstate NY. Oswego County FCU 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.

Oswego County Federal Credit Union believes the current risk based net worth formula is working as intended to regulate risks such as credit, interest rate and liquidity. Therefore, we believe that any change to the current formula would be harmful to credit unions and impact their ability to serve their members effectively.

There are a few areas of specific concern for our credit union. We believe that current and non-delinquent loans are weighted too highly and the weight does not take into consideration the credit risk for these loans. Credit unions that have historically had low delinquency should have a weighting that is lower than credit unions that have historically higher delinquency. Using a "one-size fits all" approach is not equitable and punishes credit unions that have good credit risk management. We believe that the 200% weighting for corporate credit union perpetual capital is too high based on the changes to the corporate system which was intended, in part, to lessen the risk that corporates pose to the NCUSIF which makes the investment in corporates less of a risk.

Finally, the proposal's risk weightings investments of 5-10 and over 10 years in maturity and investments in CUSOs assume, incorrectly, that they are inherently more risky. We recommend

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the Agency review the risk-weights assigned to these categories and determine if the risk-weighting is supported by the actual risk of these assets.

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In conclusion, Oswego County Federal Credit Union believes that the current PCA structure is sufficient to mitigate the risk to the NCUSIF. If a revised risk based capital framework is going to be implemented, we ask the NCUA to reconsider its approach and revise the proposal, taking into account the concerns expressed above.

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

Sincerely,

Bill Carhart

CEO

Oswego County FCU