

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

Via e-mail: regcomments@ncua.gov

May 28, 2014

I am writing on behalf of County Educators Federal Credit Union's Board of Directors, Committee Volunteers, and Management. Our credit union owns 50 percent of Symbionce Financial Solutions, L.L.C., a CUSO located in New Jersey, and we would like to comment on the proposed Risk-Based Capital Regulation.

The proposed rule seems to penalize credit unions that want to invest in a CUSO in order to share expenses amongst other credit unions to provide their membership with financial services that they would not be able to perform individually. Our CUSO is performing well and growing in both client base and number of transactions each month.

We do not object to additional capital requirements for some credit unions if justified by higher risks, but the risk levels should be established with a historical perspective.

Our Board of Directors believed in the concept of creating a service organization that could provide a more cost effective way of providing mortgage services for our membership, that they approved the investment a little over five years ago. Since the initial investment and approval of a line of credit to assist in the startup of the CUSO, they have seen the full repayment of the loan and a 16% annual average rate of return on the investment monies used in the startup. What we don't understand is why does the NCUA want to impose a 250% Risk-Based Capital Regulation on all CUSO's regardless of their individual performance? It defies logic to penalize a credit union owner who contributes and participates in a performing asset.

It is our understanding that NCUA is considering "Substantial Adjustments" to the proposed regulation and most of the credit union professionals I deal with are satisfied with this statement. However, depending on how substantial these changes will be is of some concern to these leaders. I would like to request an additional period of time be allowed to comment on the proposed changes.

UNION COUNTY

Main Office:
16 East Lincoln Avenue
Roselle Park, NJ 07204
Tel.: (908) 245-0173
Fax: (908) 245-5953

SOMERSET COUNTY

Somerville Branch:
100 West High Street
Somerville, NJ 08876
Tel.: (908) 526-4264
Fax: (908) 722-5456

HUNTERDON COUNTY

Clinton Branch:
1117 Route 31 South
Lebanon, NJ 08833
Tel.: (908) 735-8855
Fax: (908) 735-8858

In closing, County Educators FCU received income from the CUSO operations during 2013 in the amount of \$794,775.56. Without that income, we would have posted a loss of \$170,436.50. Many of our credit union clients have reached out to our CUSO employees to describe the same situation would have occurred without the income they received from Symbionce. Many of these clients also mentioned that they could have never offered a first mortgage program had it not been for the CUSO. Please do not impede collaboration and innovation by penalizing credit unions who invest in strong, profitable CUSO's

Thank you for the opportunity to allow our comments to be heard

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn South", with a long, sweeping horizontal line extending to the right.

Glenn South
President/CEO