

Mr. Gerard Poliquin, Secretary of the Board
National Credit Union Administration
April 27, 2015
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Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Risk-Based Capital Proposed Rule
RIN 3133-AD77

Dear Mr. Poliquin,

I am writing to you in reference to the NCUA risk-based capital proposal. I appreciate the opportunity to provide my thoughts and concerns with the proposal as written. My primary concern relates to the treatment of mortgage servicing assets. I have outlined my concerns and alternatives in detail below and I appreciate the consideration as you move forward in the rule making process.

Mortgage Servicing Assets (MSA)

The revised Proposed Rule did not change MSA's risk weight of 250%. The NCUA should decrease the risk-weight of such an asset as such a high weight does not accurately reflect the risk to capital of a credit union. Additionally, the NCUA should consider the two alternative methods of carrying MSA under generally accepted accounting principles. A credit union is allowed to account for MSA at fair value or at the lower of cost or market. Using either methodology, the maximum value would be reflected as the market value. In either situation, any reduction in market value or impairment would be reflected as an earnings adjustment, to reflect any deterioration in value.

Thank you for the opportunity to comment on this proposed regulation. The risk-weighting of mortgage servicing assets as proposed will have significant negative impact on all credit unions and will ultimately impact our ability to serve our members. I respectfully urge the NCUA to address the recommendations outlined above regarding the proposal.

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Sincerely,

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