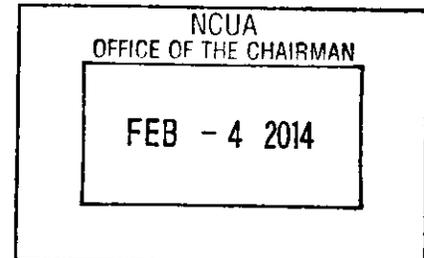


January 31, 2014

The Honorable Debbie Matz, Chairman  
The Honorable Michael Fryzel, Board Member  
The Honorable Richard Metzger, Board Member  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314



RE: Risk-Based Capital Rule -- OPPOSED

Dear Chairman Matz, and Board Members Fryzel and Metzger,

On behalf of FAIRWINDS Credit Union, I would like to add my voice to the growing dissent in our industry that opposes the NCUA's propose rule entitled Prompt Corrective Action – Risk-Based Capital.

Overall, I question whether the risk-weighting proposed actually matches the real risk in the system. For example, the proposed rule would risk-weight our Federal Agency-backed securities as MORE RISKY than many of our loans, including fixed-rate mortgages! This strikes me as absurd.

It seems to me that the NCUA is attempting to use capital rules as a substitute for sophisticated examination techniques. I understand that Prompt Corrective Action is already in place. As such, the new risk-based capital rule is unnecessary; and, merely adds force to an already "blunt" instrument of regulation.

The NCUA seems more interested in making the examiners' jobs easier than allowing credit unions to reach their potential, for example:

- Unlike banks, the NCUA's rule increases the risk-weighting after a credit union reaches 15% and 25% of assets in business loans. This unfairly penalizes credit unions that provide loans to local business.
- All real estate loans carry a hefty risk-weight, which increases at a 25% concentration. This will have the unintended consequence of limiting our ability to help our members with trouble real estate.
- The proposal only would apply to credit unions over \$50 million in assets. Does this mean the NCUA doesn't care as much about more than half of the industry's safety and soundness?
- Our credit union's 1% deposit into the NCUSIF is eliminated entirely from the equation, devaluing an asset that has already been called into question by the US Treasury
- Public disclosure of the NCUA-developed calculator unnecessarily exposes our credit union to reputation risk should an uninformed consumer stumble upon it; and, misinterpret the results.

I appreciate your listening to my concerns; and, hope this will help put an end to a tragically-flawed proposal.

Sincerely,



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