

Proponent: Federal Credit Union

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

RE: PROPOSED AMENDMENTS TO 12 CFR PARTS 700,701,702,703,713,723, AND 747

Dear Mr. Poliquin,

On behalf of the Board of Directors, management, staff and nearly 30,000 members of Proponent Federal Credit Union, we would like to take this opportunity to comment on the proposed amendments and new rules to 12 CFR Parts 700,701,702,703,713,723, and 747 regarding Risk-Based Capital.

Proponent understands and appreciates the agency's interest in measuring risk. However, we believe the proposed risk-based capital ratios for all net worth classifications are too high. We believe each net worth classification should be lowered at a minimum of 50 basis points because the proposed high percentages will hurt the credit union industry by:

1. Limiting the ability to put loans on the books,
2. Decreasing credit union's earnings, and
3. Hampering current business strategies.

In addition, we believe that the funding source of the credit union's assets should also be factored into the risk-based capital ratio. Credit Unions that fund assets solely with member deposits should be given a credit compared to ones the fund assets with borrowing and/ or broker deposits.

Therefore, we urge the Board to seek to lower the risk-based capital ratios by a minimum of 50 basis points for all net worth classifications and add a weighting measurement for the funding side of credit union balance sheets.

Please do not hesitate to contact us if we can be a beneficial source of information as you continue through this rulemaking process.

Sincerely,



Salvatore Arcuri
Vice President, Finance



Nicole Aiello
Compliance Coordinator

cc: Proponent's Board of Directors and Executive Management