GENISYS
CREDIT UNION
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February 28, 2014

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

RE: Risk Based Capital Rule

Dear Chairman Matz and Board Members,

On behalf of Genisys Credit Union I would like to thank the agency for the opportunity to comment on the proposed Risk Based Capital Rule. We believe a risk based capital measurement is necessary in determining whether credit unions are adequately capitalized.

The main substance of the new proposed rule is the risk based capital ratio and the methodology and risk weights that the NCUA has assigned to various credit union products. Upon review of these risk categories and weights we have several comments and concerns.

Our credit union enjoys a strong net worth position that has grown over the years through sound management with a focus on risk aversion. Under the proposed new rule we have a significant cushion above the "well capitalized" 10.5%. Of concern is that we have achieved this strong net worth position through strategies that utilize the products and services that the NCUA now perceives as "high risk" according to the risk rates weights the agency has assigned. Based on our experience and successful management of risk we suggest the NCUA revisit the risk weight assignments with specific attention to the following:

- Member business loans carry proposed risk weights that are excessively high compared to other member loans. The agency already limits risk through restrictions on aggregate limits allowed for credit unions (12.25% of assets). We feel this weight is excessive.
- Total amount of investments in CUSOs carry a risk weighting of 250%. This will be detrimental to the cooperative success that CUSOs have brought to the industry. Not sure of the agencies logic on this assessment.
- Credit union investments have been assigned graduated risk rates based on the average life/duration of the portfolio. Investments remain the safest assets on the books of credit unions yet they have been given risk assessments higher than member loans. We believe these risk ratings are excessive.

In addition to the risk rating weights listed above we are also concerned that the proposed rule gives examiners the subjective authority to increase a credit unions risk based capital requirement beyond the risk based ratio methodology proposed. We believe that the validity of any measurement that is "fact based" is much more reliable than subjective interpretation on the part of examiners.

It is our hope that the NCUA takes these suggestions into consideration when finalizing the risk based rule. We would not want to implement a regulation so stringent that it could harm the industry and the members we serve.

Respectfully Submitted,

Genisys Credit Union

Gerald Strausbaugh
SVP, CFO