ServU Federal Credit Union

9823 Science Center Drive
Painted Post, NY 14870

April 22, 2014

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

Dear Mr. Poliquin:

I am writing on behalf of ServU FCU (Charter 10933), a $246M asset FCU in upstate New York serving 37,000 members. We ask that the NCUA revisit its proposed ruling on Risk-Based Capital requirements for the following reasons:

1. We feel the rule contains numerous inconsistencies in risk weights given to various assets. For example, Federal Reserve deposits are risk weighted 20% where a Treasury Bond is weighted at 0%.

2. We question whether the NCUA can impose higher capital standards than those explicitly required by the Federal Credit Union Act.

3. We respectfully ask the NCUA to specifically show data indicating that the rule is necessary. We ask the NCUA to revisit the concept of a cooperative banking system as it relates to risk based weighting. We understand that credit unions must have capital standards; however, it is important to keep in mind the differences between credit unions and for-profit financial institutions. For example, credit unions cannot raise capital as easily as banks can.

4. We object to giving examiners the additional authority to impose even higher capital requirements on individual credit unions that could exceed even the well capitalized level. Allowing examiners to substitute their judgment in this process creates ambiguity and instability in the analysis of risk. Our credit union is one included in your 90% estimate of credit unions that would meet the requirements, but that does not mean that this rule would not affect us. We strongly oppose any rule that gives unlimited authority to examiners to set new capital standards above and beyond those already set in the rule. We agree credit union safety and soundness is important, but we believe this should be achieved by the risk weightings in the rule itself.

5. The timeline for those credit unions to make corrections to its capital standards is impracticable and unattainable. Coming out of the past three years of low interest rates unscathed has been an exercise in survival of the fittest. Our balance sheets continue to have low interest rate loans and investments and interest margins continue to decline. Does the NCUA really think that those credit unions not meeting these risk based rules will have the ability to add to their capital accounts?

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6. Our credit union industry is already shrinking without this rule. It is our opinion that that the credit unions not meeting these risk-based requirements will be candidates added to the list of mergers. Is that the intent of the rule?

We appreciate the opportunity to voice our opinions to the NCUA. We understand the importance of risk analysis at our financial institution and the importance of a strong capital position to protect our member's money. We respectfully request that you postpone your decision in the best interest of the credit union industry as a whole and revisit key areas of the proposed rule to enable credit unions to continue to function as the Federal Credit Union Act intended, as a cooperative financial system. Should you have any questions or require additional information, please contact me at 607-936-2293.

Sincerely,

Nancy S. Williamson

Nancy S. Williamson, CEO

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