



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

MAY12'14 PM 2:38 BOARD

Re: Comments on Proposed Risk Based Capital Regulation

Mr. Poliquin,

Thank you for the opportunity to comment on the proposed risk-based capital rule. I am writing on behalf of United Health Services Credit Union which serves 8900 members and has assets of \$100,000,000.

I believe a credit union should maintain adequate net worth to support its strategy and aggregate risks to not pose a threat to the National Credit Union Share Insurance Fund. I don't believe this can be accomplished through the proposed risk weightings. Our credit union survived one of the most severe economic downturns in history and remains well capitalized today. It is because our management and board of directors have managed our risks appropriately and have not assumed unnecessary risk. If this proposal becomes regulation this may change as rather than manage risk we will be forced to avoid risk altogether. This only hurts the consumer, our member.

We would remain well capitalized even with the new proposed regulation, but our cushion over well capitalized would be reduced by \$378,675 and our capital ratio cushion would be reduced by 37 basis points. We would then need to make up this shortfall through higher rates or fees which again would harm our members. The system that we currently have has served us well for many years and I don't see a need to change it.

I don't agree with the Individual Minimum Capital Requirements (IMCR) part of the regulation. If the risk ratings are weighted correctly as indicated by NCUA then why is NCUA proposing the introduction of IMCR? This gives the examiner too much power and may create abuse. How will the examiners across the country determine the necessity and level of an increased IMCR?

The old saying if it isn't broken don't fix it seems to fit here. Thank you for considering my comments.

Sincerely,

Chuck Zeller
President/CEO
United Health Services Credit Union