



MAY19'14 PM 1:42 BOARD

May 12, 2014

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

Dear Mr. Poliquin:

I am writing on behalf of First New York Federal Credit Union, a \$254 million asset credit union serving over 29,000 members in New York's Capital Region. First New York Federal Credit Union appreciates the opportunity to provide our comments to the National Credit Union Administration (NCUA) on the proposed rule regarding Prompt Corrective Action, Risk Based Net Worth.

First New York FCU supports a more sophisticated risk based capital framework for credit unions and strongly believes the proper framework will guard against credit and concentration risks. Unfortunately, the proposal put forth by the NCUA does not achieve the intended outcome for several reasons; many of which will result in weakening the credit union system. More specifically, our concerns with the proposal are as follows: (1) a number of the risk weightings, especially for member business loans and mortgage loan concentrations, fail to be tailored to credit unions; (2) the phase in period does not provide adequate time to implement the changes and needs to be lengthened and (3) too much emphasis has been placed on interest rate risk resulting in a flawed framework. These concerns coupled with the fact that more credit unions than NCUA has indicated would be impacted as their net worth would fall to just barely over well-capitalized or adequately capitalized levels, requires that the proposal be revisited and substantially revised.

In addition to the above, one area that will directly impact our credit union and require us to change our investment strategy is the risk weights assigned to investments with weighted-average life between 5-10 and over 10 years. It appears as though the proposal assigns a higher risk weighting to these investments solely based on their maturities. First New York FCU

disagrees with this approach and feels it is inappropriate to require credit unions like ours to revise our investment strategy based on this reasoning.

Lastly, the NCUA has publically supported authorizing supplemental capital for all credit unions, not just low-income designated credit unions. We agree with this position and feel any risk based capital revisions should only be made when all credit unions have access to supplemental capital as it is a necessary tool for managing risk and capital levels.

In conclusion, First New York Federal Credit Union supports an enhanced risk based net worth requirements. However, barring substantial modification, the proposal will not result in an improved system. Therefore, we urge the NCUA to reconsider and revise the proposal. We hope our comments are helpful in this endeavor.

Thank you again for the opportunity to comment on the proposed rule.

Sincerely,

A handwritten signature in black ink that reads "Lucy Halstead". The signature is written in a cursive, flowing style.

Lucy Halstead

Chief Executive Officer

First New York Federal Credit Union
