CHARTWAY
FEDERAL CREDIT UNION

May 20, 2014

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

Dear Mr. Poliquin

As an executive at Chartway Federal Credit Union, I, like many of my colleagues, have had an opportunity to review the proposed Prompt Corrective Action Risk-Based Capital Ruling. In doing so, our comprehensive perspective was shared in the comment letter submitted by our President and CEO, Ronald Burniske, at the end of April. You will recall that Mr. Burniske's letter articulates four areas of Proposal Concerns and 22 associated Recommendations that we firmly believe should be considered in NCUA's final ruling.

Obviously, our discourse on the topic has not subsided since the submission of Mr. Burniske's letter. Just last week, our board and many of our executives had an opportunity to speak with Jay Johnson, Executive Vice President at Callahan & Associates regarding Callahan's perspective on the proposal as originally presented in a recent webinar they previously hosted. As Mr. Burniske states in his letter, we at Chartway believe that growth is a central requirement for success – i.e., survival of the industry. Many of Callahan's observations of the proposal point to potential hindrances to growth; a few of which, I would like to share:

- *"Compared to banks, proposed rule requires more capital for credit unions holding the same assets as banks*
- *Where there are differences, NCUA's proposed rule requires more capital (i.e., higher risk weights) thank banks in all but one asset class*
- *Places credit unions at a competitive disadvantage in pricing*
- *Translates to higher product costs (loan rates) or lower returns (dividends) to members, or both"*

You will recall that Mr. Burniske noted our full agreement with the intention of having a framework in place that ensures that credit unions hold capital levels commensurate with the risk in their portfolios, so we are not suggesting blinded growth of any kind. We simply believe that the proper protections need to also enable growth strategies that will maintain the future of the credit union industry for its members. That said, we share Callahan's viewpoint that the proposal places credit unions at a disadvantage to banks.

We hope that the Proposal Concerns and Recommendations outlined by Mr. Burniske, along with many other insights, like those from Callahan, will be considered as NCUA moves towards the development of a final ruling that maintains the credit union industry's competitive position to continue serving and growing our collective membership. Chartway looks forward to partnering with the NCUA to form a solution that ensures a solution that mitigates industry risks that led to the recent financial crisis, and positions the industry for the growth and survival that our industry's members deserve.

Sincerely,

Brian T. Schools

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Corporate Strategy Officer