



May 13, 2014

MAY21'14 PM 3:04 BOARD

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 Family First of NY Federal Credit Union, a \$135 million asset credit union serving over 13,000 members in western New York. Family First of NY 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.

Family First of NY supports a more sophisticated risk based capital framework for credit unions and strongly believes the proper framework will guard against credit, interest rate, concentration and liquidity risks. However, in our opinion, the proposal does not adequately meet this intent and will have an unnecessary negative impact for several reasons. First, the proposed risk weightings associated with corporate credit union perpetual capital, CUSOs and investments with weighted-average life between 5-10 and over 10 years are too high based on the low inherent risk aligned with each. Second, a number of the risk weightings, especially those associated with member business loans and mortgage loan concentrations, do not account for whether the loans are current or delinquent. We believe the risk weightings should be different based on the loan's status with higher risk assigned to delinquent loans. Third, the proposed implementation period for the rule is too short and should be lengthened to provide for a longer phase in period. Fourth, the NCUA's proposed objective application of examiners to assign or adjust risk in the formula is extremely concerning as it relies too heavily on the subjectivity of a single examiner. Without further guidance and explanation it is unreasonable to require credit unions like Family First of NY to take risk management measures based on an examiner's individual conclusions.

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Thank you again for the opportunity to comment on the proposed rule. As stated above, Family First of NY Federal Credit Union supports an enhanced risk based net worth system. However, we urge the NCUA to reconsider and revise the proposal taking into account the issues raised above before issuing a final rule.

Sincerely,

A handwritten signature in blue ink that reads "Christine Peters". The signature is fluid and cursive, with the first name and last name clearly legible.

Christine Peters

President/CEO

Family First of NY Federal Credit Union