



May 22, 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 Sidney Federal Credit Union, a \$386 million asset credit union serving more than 47,000 members in Sidney, New York. Sidney FCU appreciates the opportunity to provide our comments to the National Credit Union Administration (NCUA) on the proposed rule regarding Prompt Corrective Action, Risk Based Capital.

Sidney Federal Credit Union does not believe the Agency has justified the need for a proposed change to the PCA requirements at this time considering that during the two recent economic crises the National Credit Union Share Insurance Fund (NCUSIF) performed very well under the current PCA regulations.

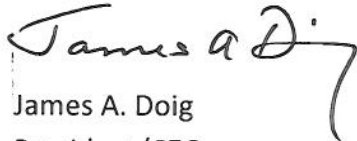
If the Agency does intend to proceed with a restructured risk based capital rule, we believe that the current proposal would need to be changed significantly. One area we feel the Agency should address is the higher risk-weights for real estate and member business lending solely due to high concentrations of these loans as per the credit union's assets. When a credit union can show a history of strong underwriting and low delinquency this should factor into the risk these types of loans carry and therefore the weights assigned to these categories. The Agency should consider lower weightings for credit unions that can demonstrate strong management of credit risk.

Finally, the proposal's risk weightings for corporate credit union perpetual capital and investments of 5-10 and over 10 years in maturity assume, incorrectly, that they are inherently more risky. We recommend the Agency review the risk-weights assigned to these categories and determine if the risk-weighting is supported by the actual risk of these assets.

In conclusion, Sidney Federal Credit Union believes that the current PCA structure is sufficient to mitigate the risk to the NCUSIF. If a revised risk based capital framework is going to be implemented, we ask the NCUA to reconsider its approach and revise the proposal, taking into account the concerns expressed above.

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

Sincerely,

A handwritten signature in black ink that reads "James A. Doig". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

James A. Doig  
President/CEO  
Sidney FCU