From: Jeffrey Morse
To: _Regulatory Comments
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Tuesday, May 27, 2014 11:40:06 AM

Dear Secretary of the Board Poliquin,

I am writing on behalf of River Valley Credit Union in Brattleboro Vermont, which serves residents of Windham and Windsor counties in Vermont and Cheshire and Sullivan counties in New Hampshire. We have 15,800 Members and $78,000,000 in assets. River Valley Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Should the proposed ruling be adopted as written, we are one of the fewer than 200 credit unions that would fall from well capitalized to adequately capitalized. This change would seriously impact our ability to serve our members lending needs. We serve a very large sector of the "underbanked" and low income population of our area. We prevent them from turning to payday lenders and thereby protect them financially from these predators. This ruling would also seriously impede our growth and ultimately or ability to compete and succeed. Ultimately I feel this will cause us to go out of business if we are not allowed to grow due to the unrealistic capital restrictions imposed. We are not a threat to the insurance fund. I believe that this proposed ruling will have the exact opposite effect of what the NCUA is trying to accomplish.

While I agree we do need Risk Based Capital requirements, these new requirements go way beyond what is necessary. The credit union industry survived the last economic down turn quite well especally when compared to the banks. We continue to lend more conservatively than the banks and are much better capitalized. This ruling puts the smaller credit unions at a competative disadvantage when many of then are already struggling. This ruling will cause the merger activity to escalate and will be the demise of the industry for smaller credit unions.

The risk weightings for member business loans and mortgage loans are not properly calibrated for credit unions. This is at the root of the problem.

More time is needed for assessing the proposal's impact and the phase in period.

Again, please consider re-writing the plan to not place unnecessary capital restrictions on the industry. The effect will be just the opposite of what the NCUA is trying to accomplish if neccesary changes are not made. At the end of the day it will be the American people (our members) that will suffer as a result.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

Sincerely,

Jeffrey J. Morse
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