BESSER CREDIT UNION

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"Community Minded Just Like You"

May 23, 2014

Gerard Poliquin
Secretary of the Board, National Credit Union Administration
1775 Duke Street
Alexandra, VA 22314-3428

RE: Comments Letter – RIN 3133-AD77
(14-CC-2 NCUA – PCA- "Risk Based Capital")

Dear Mr. Poliquin,

I would like to express my views and concerns over the above proposed rule in regards to the NEW (Risk Based Capital) proposal.

In today's already complex and highly regulated area of operating a credit union, it seems that NCUA continuously tries to implement new regulations which will impact credit unions in such a negative way, that their goal really is to try to eliminate as many credit unions as they can. So that the biggest will be the only ones that will be able to survive? And I see this proposal as one of those. Based on what the changes will mean to currently strong and functioning credit unions, let alone the very small who provide a very needed and special niche to the members they serve. Based on the proposed new way of determining "Risk Based Capital" many will have to cease doing business and merge with a much larger institution, because they will no longer be considered "Well Capitalized" and it will be very difficult for most to be able to overcome that because of the new "risk weighting's. And this will eventually mean a lot less credit unions to serve the needs of their communities which they have done so for decades. "Big doesn't mean better". **Based on the sample "Risk Base" Calculator, my credit union would still be considered "Well Capitalized" at this time, but that does not change my opinions here.**

<u>The new rule, is unfair to credit unions based on the following;</u>

1.) Based on the rough economic climate over the last 5 years, credit unions have survived and provided needed financial services and assistance to their members as the worked with them thru some of the toughest financial times of their lives and the lives of their credit unions as well. - And now when the economy is finally coming around and credit unions bottom lines are finally improving, you want to change that? **Credit union's financial health now and during the financial crisis demonstrates the agency's proposal is unjustified and unnecessary -- and the proposal should be withdrawn.**

2.) This proposal ignores or contradicts the Federal Credit Union Act in a number of significant areas – most significantly by imposing a higher risk-based capital requirement on well-capitalized credit unions that it would on currently adequately capitalized credit unions. That is not permissible under the FCU Act.

3.) Most of the negative financial impact of the proposal would result because of the impact on capital buffers that well-capitalized credit unions would experience – would be far more negative than the agency has indicated. realistically and conservatively, the proposal would have a significant effect on about 1,000 of us.

4.) Over the years we have been required to generate income in different ways in order to stay in business in order to survive especially the "Stabilization" adjustments and now you want to penalize us further by Risk weighting some of those areas, Mortgage Loans & Business Lending that have allowed us to get through these tough times. – This rule is so flawed in this area based on risk-weights, and that would have such a negative effect on credit unions and the ability to serve our members in the future. And these risk weightings are so unfairly calibrated—and in some cases, more stringent than what banks face under Basel III and they have greater opportunities for generating income then most credit unions do.

5.) And last and foremost the idea, that any credit union based on what their "examiner thought" or decided could be subject to even higher capital standards that what is calculated in the formulas, is the most unfair and unreasonable practice ever heard of.

Thank You for listening.

Sincerely,
Nancy K. Montie, CEO

Cc: Kieran Marion