

USE|C USE CREDIT UNION

9700 Richmond, Suite 150
Houston, TX 77042
713-595-3400

24909 Kuykendahl
Tomball, TX 77375
713-595-3400

May 21, 2014

Mr. Gerald Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, Virginia 22314

Dear Sir,

Thank you for the opportunity to comment on the Risk-Based Capital rule. It is common to address a problem that comes from the financial crisis, however I feel that this rule has some important troubles. I have enumerated them in this letter.

The risk based capital at 10.5 % is beyond what is required when the base requirement is 6% and when credit unions are already required at 7% to be fully capitalized.

The weighting of CUSO as 250% is above what should be required and does not differentiate based on a CUSO's risk profile. It does not differentiate based on years it has been in business or the type of service it offers. It will stifle the building of capital in CUSO's. A more realistic number would be 100%.

Credit union investment in the 1 to 3 year category, which are either implied or explicitly insured should be at 20% rather than 50%.

Corporate credit unions, which have come under new rule to control their activities which have been recapitalized, should not be at 200% but rather at 100%.

In short, the weighting discourages activities that feed efficiency and success of smaller credit unions.

Sincerely,



Donald G. Storch
CEO/President
USE Credit Union
80 years old and proud