

May 21, 2014

Gerald Poliquin

Secretary of the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Re: NCUA proposed Risk Based Capital requirements

Dear Mr. Poliquin,

Thank you for the opportunity to add to the growing dissent to NCUA's Risk Based Capital (RBC) proposal. On the surface, this proposal does have merit. There are credit unions with riskier or more complex assets and should maintain higher levels of capital, but I feel NCUA is using a broad brush for all credit unions in this proposal.

Our credit union's main concern is the logic or non-logic that NCUA is using on the weight factors. Areas that we have problems with are:

1. Residential 30 year fixed rate mortgage loans risk weight of 50% vs. government agency 30 year mortgage backed security risk weight of 150%. The security carries no credit risk (unless you know something none of us know) or probably less interest rate risk characteristics than the mortgage loan, but is risk weighted three times higher by this proposal.
2. Agency mortgage backed security is risk weighted of 150%. I thought that agency securities had implicit backing of the US government. Again, maybe you know something we don't know.
3. Cash held at the Federal Reserve Bank is risk weighted at 20%. WHY? Again, do you know something we don't know?

4. Delinquent loans are risk weighed at 150%, we did not know that we ever wrote off a loan one and a half times. Could be wrong....

We realize that NCUA's goal is to protect the fund and see that credit unions do not end up like the banking industry, but we feel this is going way overboard. We not only feel the factors of the risk weight are unjustified but the fact the Examiners have discretion to assess additional capital requirements on individual credit unions raises additional concerns and we feel this is totally unacceptable.

This proposal is fatally flawed and should be withdrawn as written. Rationale supporting the need for such a far reaching and "bank like" proposal should be provided. The factual basis for the risk weightings' proposed should be provided. Finally, the industry must be allowed the opportunity to comment on the data and participate fully in dialogue regarding something as important to all credit unions as these standards.

Thank you for the opportunity to comment on this proposal.



Larry D Pixley

President/CEO

Gateway Metro Federal Credit Union