



P.O. Box 1881
120 Main Street
Binghamton, NY 13902-1881
(607) 724-5876
Fax: (607) 724-0613
www.horizonsfcu.com

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 Horizons Federal Credit Union, a \$96 million asset credit union serving nearly 12,000 members in New York's Southern Tier. Horizons Federal Credit Union appreciates the opportunity to provide our comments to the National Credit Union Administration (NCUA) on the proposed rule regarding Prompt Corrective Action, Risk Based Net Worth.

Horizons Federal Credit Union opposes the NCUA's proposal. Our chief concerns are that the proposal is not being fairly implemented and that the Agency has not justified the need for this rule nor for a more sophisticated risk based capital framework for credit unions. While we agree that there is a need to guard against interest, operational and reputation risks we are gravely concerned that this proposal does not address an identified need and will actually harm the credit union industry as a whole. For example, the fact that examiners can pretty much arbitrarily change the capital requirement is an enormous concern and we question whether examiners have the proper experience and ability to implement such a rule. This coupled with the fact that there is inconsistency across examiners creates a recipe for disaster. We are also concerned with the risk weightings assigned to corporate perpetual capital and CUSO investments. In both cases, it appears that the NCUA has assumed that these investments are categorically risky; a conclusion we disagree with.

While we oppose the proposal as a whole, we would like to note, however, that there are aspects of the proposal we do agree with. For example, we agree with the proposed risk weightings associated with investments with weighted-average life between 5-10 and over 10 years. In our opinion, this risk weighting properly accounts for the inherent risk associated with these investments.

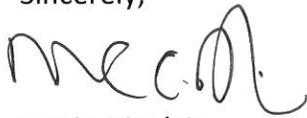
Horizons Federal Credit Union

Finally, we agree with the NCUA as it relates to supplemental capital for all credit unions and appreciate the Agency publically supporting this issue. However, we cannot understand why the NCUA would propose this rule while this issue is pending. In our opinion, the inability to raise supplemental capital makes this rule absurd.

In conclusion, we strongly encourage the NCUA to reconsider the need for this proposal and if after careful reconsideration it does feel a revised rule is necessary, we ask that the NCUA consider a significantly revised rule whose implementation is timed with access to supplemental capital for all credit unions.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'm.d.f.', with a stylized flourish at the end.

Mario DiFulvio

President & CEO

Horizons Federal Credit Union