ROCK VALLEY CREDIT UNION
"Securing Your Financial Future"℠

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May 21, 2014

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

RE: Comments on the Proposed Risk-Based Capital Prompt Corrective Action Rule

Dear Mr. Poliquin:

Thank you for providing the opportunity to comment on the National Credit Union Administration's (NCUA's) proposed risk-based capital rule.

I am writing on behalf of Rock Valley Credit Union, it's Board of Directors, staff and membership. Rock Valley Credit Union has been returning financial value to its members since its inception in 1968. We currently serve 14,500 members in Winnebago County, IL (Rockford area) and the City of Rochelle, IL, with assets of $87 million.

While we support the NCUA's mission of providing a safe and sound credit union industry as a whole and implementation of a risk-based capital structure, we do have strong reservations regarding some of the risk weighting and other aspects being proposed in a number of asset categories. While Rock Valley Credit Union remains well capitalized under both the current and the proposed measures, we will, like most credit unions, suffer a reduced cushion over the "well-capitalized" benchmark. Most importantly, in our view, this proposal will negatively impact our overall ability to fully serve our members and to adequately fulfill all of their member service needs.

Specifically, we have the following concerns with the details of the proposal:

1) The risk weights proposed other than those for consumer loans, are more stringent than those specified by Basel III for community banks. Having higher risk weights for credit union residential and small business loans appears to place credit unions at an unfair disadvantage. This can be a significant hindrance to our credit union in today's ultracompetitive financial services market.
2) Mortgage risk weights appear arbitrary and do not measure the quality and value of the portfolio.
3) The risk weights of Investments of WAL 5-10 years at 150% and WAL over 10 years at 200% imply greater than 100% loss of total investment.

4) For those credit unions with CUSO investments risk weighted at 250% or those ever considering that option to more adequately serve their members will be severely restricted from future or incremental investments. This also does not differentiate the type of business the CUSO operates and the variable risk associated with its line of business. One size does not necessarily fit all.
5) The 18 month implementation period is very restrictive for many credit unions and disadvantageous compared to the 8 year implementation period bank regulatory agencies have provided small banks to completely conform to their Basel-based risk weighted asset requirements.
6) The ability of examiners to specify net worth guidelines in excess of those stated should be severely restricted or eliminated from this proposal.
7) Exclusion of the NCUSIF deposit having any value, residual, or otherwise for the sake of risk based measurement or for calculation purposes disregards an important residual asset of credit unions.

Once again, thank you for the opportunity to submit our comments on this proposed regulation. Please feel free to contact me with any questions or comments regarding this comment letter.

Best regards,

Michael T. Rosek

Michael T. Rosek
President/CEO
Rock Valley Credit Union