

DELAWARE STATE POLICE



"YOURS IN SERVICE"

May 28, 2014

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

RE: Proposed Regulation on Risk Based Capital

Dear Mr Poliquin:

I would like to express my concerns with the proposed regulation on Risk Based Capital. The NCUA proposal establishes stricter risk-weighting factors than those of banks for select asset classes, placing credit unions at a permanent competitive disadvantage.

Since the great recession of 2008, the dollar amount of insurance losses and number of failures in natural person credit unions is much less than those sustained in the banking sector. This low loss experience would seemingly support lesser risk-weighting factors, not greater ones.

However, what concerns me the most, is that even with the higher capital standards proposed in the regulation, individual examiners would have discretionary authority to set a higher standard on a Credit Union. I believe this could place an undue burden on a Credit Union with retained earnings being the only way to raise capital.

Sincerely,

Stephen D. Cimo, CPA
President

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