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Send to: NCUA	From: Beverly S Zook
Attention: Mr. Gerard Poliquin	Office Location:
Office Location:	Phone Number: 301-925-4600
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URGENT REPLY ASAP PLEASE COMMENT PLEASE REVIEW FOR YOUR INFORMATION

Zook - Comments on Proposed Rule: PCA - Risk-Based Capital

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Fax Cover

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May 23, 2014

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

Dear Mr. Poliquin:

I am writing on behalf of the Board of Directors, Management and members of Money One Federal Credit Union ("Money One"). We welcome the opportunity to comment on NCUA's proposed rule for Risk Based Capital.

Money One is a federally-chartered, federal-insured credit union located in Largo, Maryland serving more than 11,000 members. The majorities of our members live and work in following Maryland counties: Prince George's County, Montgomery County, Anne Arundel County and Howard County, as well as the District of Columbia.

Money One also holds ownership interests in 6 Credit Union Service Organizations ("CUSOs").

We are pleased to be part of an industry that neither caused the recent years long crisis nor took tax payer dollars in a bailout effort. Instead, our industry as a whole outperformed the banks during the same period of time, causing fewer dollars of losses and losing fewer institutions. Our current capital requirements provided the vast majority of credit unions with the necessary funds to weather the storm. As such, we see no need for a modification of the current capital reserve structure.

Money One further believes that any such rule would need to take into account the unique nature of credit unions. We are not simply banks with smarter, friendlier, better looking employees. We function with a not-for-profit mindset and focus on serving our members. If we were required to maintain oppressively high capital balances, dictated with very questionable authority by the NCUA, we would have to change the way we make future decisions on behalf of our members. Our focus would shift to managing our at risk capital and may drift from providing the very services that our members have come to expect: first mortgages and member business lending, as well as longer term investments of their deposits that provide higher yield. As such, we see no need for a modification of the current capital reserve structure.

And as if we didn't already have a significant disadvantage versus our neighborhood banks, the NCUA suggests that our capital requirements need to be double, triple and sometimes quadruple those of banks. That appears to be a penalty or fee that only credit union members must endure. The amounts set by NCUA seem arbitrary and the possibility that an examiner could subjectively require even more,


seems to be more than some credit unions will be able to handle. So if the goal is to limit the services provided by credit unions or limit the number of credit unions, we believe it will be successful. As such, we see no need for a modification of the current capital reserve structure.

If the NCUA really wants to strengthen the credit union industry and encourage growth and service to even more members, maybe taking a look at providing an option for supplemental capital would be a good use of their time. Credit unions are the only federally insured financial institutions that do not have access to sources of capital beyond retained earnings. In this regard, I don't think any credit union would mind some parity with the bankers. Short of accomplishing that, we see no need for a modification of the current capital reserve structure.

We suggest allowing examiners to calculate RBC as a tool instead of a rule. Managers and Boards use the best interests of their members and communities when making decisions and forcing them to focus on and comply with an onerous, one-size-fits-all rule, fails to recognize the extensive history of success this industry has shown. Changing the rules now, not to mention overriding Congress, is both unfair and unnecessary. As such, we see no need for a modification to the current capital reserve structure.

Thank you for the opportunity to comment on the proposed rule and for considering our views on risk based capital requirements.

Respectfully,



Beverly S Zook, President/CEO
Money One Federal Credit Union