



Chen-Del-O Federal Credit Union

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May 28, 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 Chen-Del-O Federal Credit Union, a \$24 million asset credit union serving more than 3700 members in Franklin, New York. Chen-Del-O FCU 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.

Chen-Del-O Federal Credit Union believes that, while there may be a need for a more sophisticated risk based capital framework, the current proposal would not be effective as it has overly weighted certain risk assets. Real estate and member business loan weights only take into consideration the concentration risk associated with these types of loans while not considering credit risk and interest rate risk which are also factors in determining the risk these assets pose to the credit union.

We are also concerned about the weighting of corporate credit union perpetual capital. Due to the recent corporate crisis and the ensuing regulatory changes implemented by NCUA makes the risk associated with this capital investment to be very minimal in our opinion and should be weighted lower than the proposed 200%.

The 250% weighting of investments in CUSOs does not allow for the fact that credit unions that are investing in a CUSO have done proper due diligence and that the Agency passed a final regulation that requires the CUSO to provide certain information to NCUA which will allow the Agency to have more oversight in CUSOs thereby reducing some of the risk associated with that investment.

Finally, the proposal's risk weightings for corporate credit union perpetual capital, CUSO investments and investments of 5-10 and over 10 years in maturity assume, incorrectly, that they are inherently more risky. We recommend the Agency review the risk-weights assigned to these categories and determine if the risk-weighting is supported by the actual risk of these assets.

In conclusion, Chen-Del-O Federal Credit Union believes that any risk based net worth final rule should be structured to ensure that those credit unions that have substantial risk assets be required to reserve for those assets and produce the desired effect of reducing the risk to the National Credit Union Share Insurance Fund. We ask the NCUA to reconsider its approach and revise the proposal, taking into account the concerns expressed above.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Sue Giudice". The signature is written in a cursive, flowing style.

Sue Giudice

CEO

Chen-Del-O FCU