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To:	NCUA Attn: Gerard Poliquin Secretary of the Board Mail	**From:**	Erica Hager ext. 1020
Fax:	(703) 518-6319	**Pages:**	3
Phone:		**Date:**	May 23, 2014
Re:	Comment	**CC:**	

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If you have any questions, please contact me at 419-483-4180 ext. 1020.

Thank You! Erica Hager, VP Secretary to the Board

FIRELANDS Federal Credit Union

May 23, 2014

Mr. Gerald Poliquin
National Credit Union Association
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Mr. Poliquin.

I am writing on behalf of Firelands Federal Credit Union in Ohio. We serve the communities of Huron County and Crawford County as well as portions of Erie County and Sandusky County. We have approximately $228 million in assets and our membership is over 28,000. I appreciate this opportunity to provide comments to NCUA on its proposed Prompt Corrective Action – Risk Based Capital rule.

On behalf of Firelands Federal Credit Union, I would like to offer the following comment letter on the recent NCUA proposed Risk Based Capital rule. The proposed risk-based capital rule is likely to result in a less workable capital standard, put our credit union at a competitive disadvantage to our competitors, and negatively affect the services we provide to our members. While a risk-based capital approach in calculating net worth appears to be appropriate, we particularly disagree with the risk-weightings on member business lending, mortgages and CUSOs.

The simplistic way the risk weightings are applied to real estate and member business loans suggest that these credit union loans are more risky than those made by banks. The weightings do not give consideration to the credit union's underwriting standards, charge off rates, or portfolio performance. The proposed rule could result in the restriction of both mortgage and member business lending services.

We also believe that the NCUA's 250% risk weighting given to all CUSO investments is excessive. This risk weighting does not consider that different CUSOs may need different risk weightings, nor does it take into consideration the performance history of the credit union's CUSO investments. Additionally, we believe that NCUA's new CUSO rule and power to oversee CUSO financial records will mitigate some of the risk of CUSO investments.

The 18-month implementation period for the proposed rule is also concerning. This short implementation date may force credit unions to sacrifice long-term investments and strategies to meet the restrictive short-term measures in the proposed rule. Our industry requires an implementation period longer than 18-months in order to allow the credit union to remain healthy in the short term as well as the long term. Since the purpose of the proposed rule is to implement a new method for computing the risk-based ratio that is more consistent with the approach used by other banking agencies, we feel as though credit unions should be given a comparable implementation period. Basel III was implemented in 2013 and gives banks until 2019 to comply, a considerably longer period than 18 months.

Finally, we respectfully request that NCUA consider eliminating the ability for NCUA examiners to arbitrarily determine capital adequacy. Examiners should not be given the discretion to mandate any individual capital requirement. The examination process is too informal for such a decision. Examiners will substitute their judgment for that of the credit union's board and management, as the list of factors for imposing an additional capital requirement is grossly subjective.

Given all of these concerns, I strongly encourage NCUA to reconsider the proposed rule.

Sincerely,

Stephen M. Wasserman
President/CEO
Firelands Federal Credit Union