



Keystone Federal Credit Union

April 9, 2015

Mr. Gerard Poliquin
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Mr. Poliquin:

As the President/CEO of Keystone Federal Credit Union, I appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed enhanced rule regarding Risk-Based Capital.

While I acknowledge and appreciate the changes made to the original proposal, the Agency's inability to gain unanimous support for a framework to determine capital adequacy among its three board members is concerning and leads me to question whether NCUA has the authority to enact this rule.

At slightly under \$80 million in assets, Keystone Federal Credit Union would theoretically be exempt from complying with the rule until such point as we reach \$100 million in assets. There are two areas of unease with a "flat" \$100 million mark for compliance with the rule. The first is my belief that \$100 million in assets does not necessarily make a credit union complex; it is the complexity of the credit union's product and service offerings, the composition of its portfolio, etc. Secondly, and of greater immediate concern, is the tendency of NCUA's field staff to adopt a "one-size-fits-all" approach to examinations. While we might not be required to comply with RBC II from a regulatory standpoint, we can be certain that our examinations will be geared as if compliance was a requirement. Since that is my belief, my comments from this point will be made as if compliance was a foregone conclusion.

While vastly improved from the original proposal, the risk-weighting scheme remains unduly complicated and, in some cases, punitive to the credit unions involved. Under the rule as proposed, all investments in CUSOs are weighted as if the risk in each type of CUSO was exactly the same. For a \$100 million credit union, collaboration through CUSOs is a cost-efficient method of delivering products and services to members which might not otherwise be offered. NCUA should be encouraging collaborative CUSO investment, not discouraging it with an unjustifiable risk weighting.



370 West Uwchlan Avenue
Downingtown, PA 19335
610-269-5151

1052 Andrew Drive
West Chester, PA 19380
484-356-0400

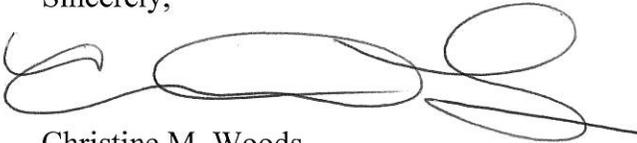
811 Gap Newport Pike
Avondale, PA 19311
610-268-0861

This credit union is federally insured by the National Credit Union Administration.

The new rule adds a requirement that a credit union which is considered to be complex must have a capital adequacy plan and/or policy. Credit unions already have various policies which address concentration risk, credit risk, interest rate risk, etc. Requiring an additional policy that must meet ever-changing examiner expectations creates a new and unnecessary compliance burden.

As commented earlier in this letter, the necessity of the rule remains unclear; however, this revised proposal is greatly improved over the initial proposal. Thank you for the opportunity to comment on this proposed rule and for considering my personal views on risk-based capital requirements.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the typed name.

Christine M. Woods
President/CEO

cc: R. Wargo, PCUA