CHARTWAY
FEDERAL CREDIT UNION

April 23, 2015

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

Dear Mr. Poliquin

I, as well as many of my colleagues at Chartway Federal Credit Union, had an opportunity last year to review NCUA's originally proposed Risk-Based Capital Ruling, submit our comprehensive perspective of major concerns via a number of comment letters, as well as participate in one of the Listening Sessions last summer. After reviewing the revised proposal this year, it is satisfying to see that many comments of concern did not go on deaf years, and that significant progress has taken place in the new proposal. That said, I am writing once again to reinforce a very significant remaining area of concern that you are well aware that Chartway and many other credit unites have.

As our CEO, Ronald Burniske, comprehensively outlines in his RBC2 comment letter submitted last week, Chartway emphatically believes that the advancements made for Goodwill through the potential 10 year phase out approach do not go nearly far enough. In its current state, the newly proposed rule merely delays the inherent constraints on our ability to compete and grow. Taking a step back overall, this entire situation is disappointing. Our Goodwill arises from three acquisitions we made several years ago. Simply said, Chartway made these acquisitions according to the then-implemented rules – benefitting the acquired institution's members with continued use of their credit unions, the NCUA and industry with no exposure to losses they would have otherwise had to incur, and ourselves with a platform for growth. With a proposed non-grandfathered change of the rules at this time, Chartway is left holding the cost, through strategic constraints, of a situation that benefited others. Other credit unions appear to have that same dilemma.

There is a fundamental flaw in a process that would change the rules of the game mid-way through. Doing so, unfairly and negatively impacts Chartway and like credit unions that made similar acquisitions in the near term; and will seemingly negatively impact the NCUA and industry in the longer term through less interested buyers of troubled credit unions.

I respectfully ask that a review of the Goodwill implications be taken into consideration again for the good of the industry as a whole and to maintain fairness for institutions like ours that operated with win-win intentions for all.

Sincerely,

Brian T. Schools
President