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September 7, 2018

Corporate Center
1985 Montour Boulevard
PO Box 159
Danville, PA 17821-0159

Mr. Gerard Poliquin
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3425

Re: Risk-Based Capital-Supplemental Rule Proposal

Dear Mr. Poliquin:

On behalf of Service 1st Federal Credit Union (Service 1st), I am writing to you regarding the National Credit Union Administration's (NCUA) risk-based capital (RBC) proposal to delay the rule by one year from January 1, 2019 to January 1, 2020 as well as the change in defining a complex credit union from \$100 million to \$500 million.

This letter is written on behalf of the Board of Directors, management team and members of Service 1st. Service 1st is a federally chartered credit union with \$379 million in assets serving over 33,000 members in Central Pennsylvania.

Service 1st does not believe the RBC rule is necessary and strongly urges the NCUA to withdraw the rule. The performance of credit unions and the National Credit Union Share Insurance Fund (NCUSIF) during the most recent financial crisis is proof that the rule is unnecessary. Service 1st performed extremely well during the crisis and continued expanding in both branch footprint and member services during this time. Implementation of this rule would curtail both branch and service expansion going forward, thereby hurting member access.

Should the RBC rule proceed, Service 1st agrees that the asset size threshold from \$100 million to \$500 million is a good start. However, the increase should be from \$100 million to \$1 billion. Credit unions with \$1 billion in assets or greater pose a greater risk to the NCUSIF than smaller credit unions and tend to be a lot more complex than their smaller peers.

Thank you very much for the opportunity to comment on this proposal. While I appreciate the NCUA's dedication to protect the NCUSIF, I believe this rule is unnecessary and a burden to credit unions. Please do not hesitate to contact me if I can provide additional information or perspective on this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Thomas".

Michael Thomas
Chief Financial Officer
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