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May 12, 2014

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

Dear Secretary Poliquin;

I am writing today to comment on the recent proposed regulation regarding new Risk Based Capital requirements for federally insured credit unions. First, let me say that I appreciate the opportunity to comment on this proposed regulation.

Lion's Share Federal Credit Union (Charter # 24813) currently has assets of $39 million and serves 10,678 members who are primarily working class grocery store employees and their family members.

Based on our current assets, we would not be subject to the proposed new Risk Based Capital standards. However, we have every intention of growing beyond $50 million in assets and helping even more members thrive in this expanding economy. If these new capital standards were implemented as written, I'm not sure that would be possible or desirable. While I agree that Risk Based Capital requirements are needed, I strongly disagree with nearly everything in this proposed regulation. There are many specific items that concern me, but I will comment on just a few.

Of primary concern is the fact that risk weightings for many risk categories would have credit unions subjected to higher capital requirements than banks. That's uncompetitive and contrary to logic. Anyone with experience managing a credit union loan portfolio can tell you that consumers are much more likely to repay their credit union loan before repaying the same type of loan at a commercial bank. Credit unions know their members and will do everything they can to assist them in times of financial distress. This results in lower overall delinquency and charge-offs at credit unions.

Secondly, classifying all investments in and loans to CUSOs as high-risk does not take into consideration the purpose and expertise of a particular CUSO. Is it really reasonable that a CUSO setup to provide internal audit or compliance services to credit unions has the same risk profile as a CUSO offering business loans or investment services? Like credit unions, CUSOs run the gamut from plain vanilla to highly complex. Painting them all with the same brush is lazy and fails to truly measure risk. Many CUSOs actually reduce the risk in credit unions by offering expertise in areas where little existed before.

Lastly, I am most concerned about the aspect of this proposed new regulation which would allow the agency to arbitrarily assign a higher minimum capital requirement on an individual credit union, based on "its determination that the credit union's capital is or may become inadequate in view of the credit union's circumstances." This language is far too broad and invites distrust. Some credit unions already fear retaliation when they publicly disagree with the agency. Giving the examiners arbitrary power to reassign a capital requirement is bad policy.

I strongly urge the NCUA Board to reconsider this proposed new regulation and to take into consideration all of the comments received from credit unions. I think you will find support for a new Risk Based Capital rule that is fairer to credit unions and consumers.

Mark S. Curran

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