

May 23, 2014

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

Re: NCUA Proposed Risk Based Capital Rule

Dear Mr. Poliquin:

On behalf of the Hampton Roads Educators' Credit Union, I would like to comment on the National Credit Union Administration proposed Risk Based Capital Rule. I would like to express some of my concerns about the negative impact that this could potentially have on credit unions if it is passed as the rule is currently proposed.

I have no problem with capital reform; however, the current formula that is proposed can be detrimental to many credit unions. Under this proposal, an examiner will be allowed to increase a credit union's individual risk-based capital requirements subjectively during an examination based upon the examiners determination of the need for additional capital rather than looking at the balance sheet risk.

I also feel that the risk based capital requirements should be in relation to the adequately capitalized, 6% net worth ratio and not to the well capitalized level of 7%. Risk weightings should be properly balanced.

Finally, the effective date of the final rule implementation should be the end of 2018. It will like take until 2015 before a final risk-based capital rule can be approved. Once the regulation is final, credit union earnings will have to be balanced with the risk weighing of the assets. Some investments will have to be shortened, and some loans will have to be divested. Credit Unions will need a minimum of three full years to prepare for this regulation once it is finalized.

Thank you for this opportunity to comment on this proposed regulation. Again, I support the efforts of the NCUA to pursue a balanced risk-based capital system; however, I do not believe that the current proposal is balanced and should be withdrawn if not changed.

Sincerely,



Karen F. Orié
Manager/CEO