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**MEMBER OWNED, MEMBER COMMITTED, MEMBER FIRST, UFIRST**

May 23, 2014

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

Dear Mr. Poliquin

As the CEO of UFirst FCU, I am writing this letter to express my concerns with NCUA's RBC proposal. Even without being finalized it is creating uncertainty for credit unions planning for growth and would expand NCUA's powers beyond what is necessary to appropriately regulate the industry.

The risk weightings proposed under this regulation would encroach on the freedom that credit union boards should have to establish the investment and lending policies that best reflect the needs and conditions of credit unions and their members. Therefore, I object to proposed section 12 CFR 702.105(b), which would empower examiners even more by giving NCUA authority to customize capital requirements for individual credit unions. I am concerned that a credit union could invest the time and effort necessary to comply with this regulation only to have additional requirements, not mandated by the regulation, imposed on it based on an examiner's opinion.

For NCUA to appreciate the true impact that this regulation could have on credit unions, it is important for the agency to recognize that even well-capitalized credit unions will be adversely affected by this proposal. For example, if NCUA implements this proposal without amendment, my credit union, which currently has a net worth over 18% will have risk-based capital of 12.41%. This decrease in available capital will impact the services we can provide to our members and will make it much more difficult for the credit union to expand to meet community needs. The increased risk weightings on MBL loans will also impact credit unions regardless of how many MBL loans they make by decreasing the volume of MBL loans that are participated among credit unions.

Another way in which this proposal inhibits credit union growth is by miscalculating the proper weights that should be assigned to credit union loans and investments. NCUA is proposing higher risk weightings for investments of over three, five and ten years in length without any regard to the quality of the investment. I also don't think that UFirst should not be penalized for investing in corporate perpetual capital with a proposed risk weighting of 2.00.

I do believe that some changes to the existing risk-based net worth requirements that larger credit unions are subject to would be appropriate, however the primary focus of such revisions should be interest rate risk, as opposed to concentration and investment risk. Without these and changes to the other provisions on which I have commented, this proposal will slow the growth of healthy credit unions while only marginally improving the overall capital protections imbedded in the industry.

Sincerely,

A handwritten signature in black ink that reads "Linda Bourgeois". The signature is written in a cursive style.

Linda Bourgeois