

# APCO EMPLOYEES CREDIT UNION

750 17TH STREET NORTH  
BIRMINGHAM, ALABAMA 35203

TELEPHONE 205.226.6800

April 22, 2015

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

Re: Comment on Revised Risk-Based Capital Proposal

Dear Mr. Poliquin:

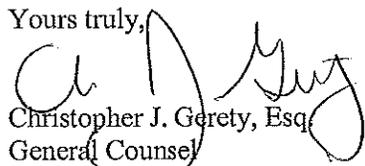
This letter concerns the National Credit Union Administration's revised risk-based capital rules. I am General Counsel of APCO Employees Credit Union in Birmingham, Alabama. I have been a legal advisor to scores of credit unions over the last quarter century. The Credit Union serves almost 70,000 members and is the second largest credit union in Alabama with approximately \$2.5 billion in assets.

The proposed risk-based capital rules has serious flaws that will be harmful to this Credit Union and costly to its members. Higher capital requirements will mean lower savings rates and higher loan rates for our members. Overall, the NCUA's proposal ignores the fact that credit unions did not cause the financial meltdown crisis. Specifically, the revised proposal has the following problems:

1. Credit unions cannot raise capital from outside sources like banks. Therefore, reducing available capital will be harmful to credit unions.
2. This proposal allows a credit union examiner to review a credit union's capital planning. Strategic capital planning should rest with the credit union's own decision on the risks it faces.
3. The proposal also creates a disincentive against CUSO investments since such investment is heavily risk weighted.

In conclusion, I urge changes be made to the revised risk-based capital proposal as outlined here. If enacted, the proposal will result in reducing the amount of dividends paid, requiring higher fees, and raising loan interest rates on our members. Thank you for your consideration of this matter.

Yours truly,

  
Christopher J. Gerety, Esq.  
General Counsel  
APCO Employees Credit Union