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## Hudson River Teachers FCU

March 30, 2015

**Gerard Poliquin, Secretary of the Board  
National Credit Union Administration**

1775 Duke Street  
Alexandria, Virginia 22314-3428

Risk-Based Capital, 80 FR 4340-01

Dear Mr. Poliquin:

As the CEO of Hudson River Teachers FCU, I am writing this letter to comment on NCUA's proposed Risk Based Capital framework. Having had the experience of managing both large and small credit unions, I believe that a properly structured capital framework would reward well-managed credit unions and help the industry as a whole by more accurately reflecting the risks posed by certain investments and products. In contrast, NCUA's RBC reform further limits the ability of credit union management to allocate resources, even though they are already the most highly regulated financial institutions in the country.

I am pleased that NCUA raised the threshold for proposed RBC compliance to \$100 million. This threshold more accurately reflects the point at which credit unions should be considered complex. I urge NCUA to consider further narrowing complex credit unions to those credit unions that exceed \$100 million in assets and provide member business loans and invest in derivatives. These are important but sophisticated activities, and their use raises safety and soundness concerns that can best be accounted for using an RBC system.

I also urge NCUA to reconsider its decision to reserve for itself the right to impose buffer requirements on specific credit unions that exceed regulatory minimums for the industry as a whole. Credit unions are already at a severe disadvantage to their banking counterparts when complying with RBC requirements, because they can't issue shares to raise capital. No credit union that complies with codified mandates should have its management flexibility further curtailed by individual examiners who feel that even more capital should be laid aside. The allocation of resources is a core prerogative of directors.

Finally, as NCUA moves forward, I support making the RBC framework as complicated as it needs to be to more accurately reflect the unique needs and structure of the credit union industry. For example, NCUA has taken a step in the right direction by creating a category of "commercial loans" as distinct from traditional member business loans for purposes of RBC compliance.

I hope that NCUA finds these comments helpful as the agency continues to modify its RBC framework.

Sincerely,

A handwritten signature in black ink that reads 'Thomas J. Powers, Jr.' in a cursive style.

Thomas J. Powers, Jr.  
Chief Executive Officer  
Hudson River Teachers FCU