Oklahoma Central CREDIT UNION

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April 24, 2014

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

Re: Proposed Rule – Risk Based Capital

Dear Mr. Poliquin:

Oklahoma Central Credit Union would like the opportunity to formally comment on the proposed Risk-Based Capital rule currently being considered for implementation. The stated purpose of the proposed rule indicates that the new risk-based capital measures will be more consistent with the NCUA's risk-based capital requirements for corporate credit unions and measures currently used by the Federal Deposit Insurance Corporation (FDIC). By doing the above, it is believed the ultimate goal of reducing risk sensitivity to the capital framework of natural person credit unions will be addressed. We feel the proposal as currently drafted misses the mark in a few key areas.

First, the generalized goal of addressing "credit risk, interest rate risk, concentration risk, liquidity risk, operational risk and market risk" is set forth as a requirement of the proposed rule. While attempting to address these traditional risks that credit unions face, the broader goal of why credit unions exist in the first place seems to have been ignored. Specifically, the mission as laid out by the NCUA to serve those of modest means may be placed in jeopardy. Higher capital requirements to address the risks above will only serve to limit the ability of Oklahoma Central Credit Union to grow and serve our members.

Secondly, the proposed rule lowers the amount of the Allowance for Loan and Lease Losses (ALLL) that can be counted in risk-weighted assets from 1.50% to 1.25%. The reason for the proposed change is stated as providing incentive for making quality loans. However, Oklahoma Central Credit Union already makes "quality" loans as evidenced by our low delinquency and charge-off rates. Making this change could have the unintended consequence of further limiting our ability to serve those that are at most risk of not having access to a financial institution.

A third concern centers around the risk-weights assigned to different loan classes, specifically member business loans. The proposed rule would allow up to 200% risk-weight depending on the concentration. Assigning this weight seems like an un-necessary addition as member business loans are already capped at 12.5% of total assets for most natural person credit unions. Nearly half of the 58 business loans at Oklahoma Central had balances of $50,000 or less at year end 2013 – these truly represent "small" business members. We simply believe that further regulations and limits in this area directly impede our ability to serve our particular market of small commercial members – those of modest means – that are ignored by regional and commercial banks.

Finally, the rule attempts to assign risk weights using the average life of investment assets. It appears that the rule is attempting to mitigate interest rate risk rather than truly examine the inherent risk associated with different classes of investment assets. Oklahoma Central Credit Union already has a policy and guideline in place that governs our interest rate risk tolerance when making investment purchase decisions. Placing further limits that constrain our ability to make sound investment decisions will place further pressure on our ability to generate net income and contribute to our capital – capital that is used to continue serving our members.

In summary, we hope that the NCUA listens to the feedback and makes adjustments to the proposed rule that are reasonable and in accordance with the intent of the proposed legislation. Oklahoma Central specifically hopes that the portions of the proposal that deal with the ALLL risk-weight, member business loan risk-weighting and investment average life risk-weighting are altered to truly reflect the risks associated with these items.

Sincerely,

Gina Wilson
President, Chief Executive Officer

Brad A. Scheidt
Vice President, Chief Financial Officer