



May 6, 2014

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

MAY12'14 PM 2:38 BOARD

To Whom It May Concern,

I am writing my comments in response to the proposed Risk Based Capital requirements as outlined by the NCUA. I feel that since credit unions survived one of the worst economic downturns since the Great Depression and were able to bailout the failed corporates, then that should be enough to prove that the current capital system works as intended. Our capital requirements are already higher than what banks are required to maintain and by changing these requirements it will severely limit our growth potential and competitiveness. We are in a risk business, there is no question about that, but we have proven that we can handle those risks adequately under the current capital requirements and without additional regulatory burdens placed on us.

Credit Unions are different! We work together for the best interest of our members and our communities. We provide a better way for people of modest means to help themselves, and without us, the banks and other financial institutions would be free to do as they please. However, we provide an alternative and force those other FI's to compete in order to remain in business. Unlike banks however, we can't raise capital other than through earnings. Therefore, if this proposal goes through as is, supplemental capital for credit unions is a necessity and must also be approved.

If this proposal gets passed, careful consideration should also be given to the weighting being used as it could have severe unintended consequences and force some very successful, well run and strong niche credit unions to look at other charter options. This could have a domino effect as more costs would have to be absorbed by fewer credit unions and add more of a burden. Credit unions are already struggling with the regulatory compliance that has gotten completely out of control. In addition, the proposed weighting is absurd and arbitrary and penalizes well run credit unions and CUSO's that provide needed products and services.

We need to stay united as it's in the best interest of everyone - the members we serve, the communities we live and work in, and the entire industry. Thank you in advance for your consideration of my concerns pertaining to this very serious matter.

Respectfully,

Ronald A. Flaherty
President & CEO
TEG Federal Credit Union