OKLAHOMA EDUCATORS CREDIT UNION

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May 9, 2014

MAY20'14 PM 1:12 BOARD

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

RE: Comments on Prompt Corrective Action—Risk-Based Capital Proposal

Dear Mr. Poliquin:

Thank you for the opportunity to submit comments on the current proposal related to Prompt Corrective Action—Risk Based Capital. The following comments represent my opinions as a credit union professional. While I recognize the need for a credit union specific and well balanced set of capital standards, here are some of my concerns in regards to the current proposal.
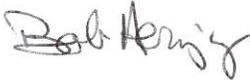
Weighting the investments in CUSO's at 250% implies that CUSOs pose a larger risk to our credit union than the amount invested. This risk weight also seems to contradict the principle of cooperation among cooperatives since investing in CUSOs will reflect negatively upon a credit union's Risk-Based Capital Ratio.

Weighting investments on years to maturity only captures potential interest rate risk and does not take into consideration the credit risk of the security. A longer term, government backed security poses a smaller actual credit risk than a short term non-backed investment. I feel a more detailed breakdown of securities based on the type of investment would help establish a better representation of credit risk.

Breaking out the "Nondelinquent Other Loans" category to distinguish collateralized loans from non-collateralized loans would provide a more accurate measurement of potential risk. After all, non-collateralized loans carry greater risk of loss to the credit union than a loan secured by collateral.

Thank you for your consideration of my concerns. If you have any questions about this letter, please do not hesitate to give me a call at (405)722-2234.

Sincerely,

Bob Herzig

VP of Finance

Oklahoma Educators Credit Union