la cooperativa de ahorro y crédito
BROOKLYN COOPERATIVE
FEDERAL CREDIT UNION

May 23, 2014

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

Dear Mr. Poliquin,

On behalf of Brooklyn Cooperative FCU, I am writing this letter in deep opposition to NCUA's proposed risk-based capital regulation.

NCUA's proposal to establish specific capital requirements for individual credit unions, even those that are in compliance with the risk-based capital requirements, should be worrisome to all credit unions of every asset size. Many credit union executives and board members have more experience than the examiners auditing them, but this proposal would again place the examiners' judgments ahead of the credit union's. In our past, poorly trained examiners have cost us tremendous time and resources. Even now, many do not have the skills, training, or incentive structure to appropriately judge an individual credit union's financial health.

In addition, should individual examiners be given the option to change capital requirements, no credit union could credibly assure outside investors or funders of its financial health. An institution's financial position would be reliable only for one year at a time since capital requirements imposed at our next exam could change everything, and our funders and investors would know it. Currently Brooklyn Cooperative FCU has several multi-year grants and multi-year secondary capital commitments. These types of long-term commitments are very beneficial to a low-income, community development credit union. Yet if we cannot assure our funders of the balance sheet indicators we are projecting to meet, we will likely see these valuable multi-year commitments disappear.

In addition some of the weightings are so punitive that NCUA is limiting the ability of credit unions to use their best judgment in running their institutions. For example, a 2.50 risk weight for investing in a CUSO is a clear signal that NCUA thinks these are extremely risky investments. NCUA should reduce these weights or, if it refuses to do so, should at least clarify its basis for believing that these are such bad investments.

My credit union also agrees with those in the industry who favor expanded use of supplemental capital. We and most of our community development credit union peers have successfully sought millions of dollars in secondary capital to augment our net worth during the stages of rapid asset growth. Such a safety cushion has enabled us to survive and to thrive.

Thank you for this opportunity to comment and for your kind attention.

Sincerely,

Samira Rajan

CEO, Brooklyn Cooperative Federal Credit Union