ERIE COUNTY EMPLOYEES CREDIT UNION
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May 13, 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 the Erie County Employees Credit Union, I am writing this letter to express my opposition to NCUA's proposed Risk-Based Capital (RBC) framework for credit unions with $50 million or more in assets. Although my credit union would not be directly affected by this proposal, all credit unions have a stake in the promulgation of this regulation.

NCUA has not justified the need for an enhanced risk-based capital framework for credit unions. Most credit unions, such as Erie County, are well-capitalized and have proven over the last five years that they have adequate capital to withstand even a severe economic downturn. NCUA's imposition of RBC is not only unnecessary it would also have a broader impact on credit unions than is being indicated. Many credit unions that remain well-capitalized will have to reassess the adequacy of their capital if the new risk-based calculation results in a reduced cushion to guard against unforeseen events.

I also am concerned that some of the risk weightings do not accurately reflect the risk posed by a given asset. For example, If my credit union were subject to these requirements, it's capital would be downgraded simply because some of our investments exceed five years in length even though these investments were made because they represent the best use of the credit union's funds consistent with our obligation to protect member assets and anticipated member needs.

There are aspects of RBC of which I am in favor. For example, a risk-based capital framework that more narrowly focused on concentration risk and liquidity would be appropriate since an overreliance on one type of loan represents a risk to the Share Insurance Fund. I also agree that member business loans and real estate loans should be weighted differently depending on if they are current or delinquent.

I hope these comments have been helpful.

Sincerely,

Linda Walker, Manager

You can count on us for all your financial needs.