May 23, 2014,

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Mr. Poliquin:

I am writing on behalf of the Board of Directors, Management, and members of Ohio Catholic Federal Credit Union. ("OCFCU"). We appreciate the ability to comment on NCUA's proposed rule for Risk Based Capital. Ohio Catholic is a federal closed membership credit union located in Garfield Heights, Ohio, serving approximately 15,000 Catholic members across the State of Ohio

OCFCU understands NCUA's intent to adopt a new risk-based capital ("RBC") rule for credit unions that considers "all material risk." We applaud the idea and agree that more complex guidelines are needed when examining risk within an organization's loan/investment portfolio. We find the current reliance of our examiners on simplified models like the Net Long Term Asset Ratio (NLTA) have and will continue to unduly constrain the growth of credit unions.

Having stated the above, we still have some major concerns with how the current regulation is written and how it will be implemented. At a macro level, the regulation seems overly concerned with a rising rate environment. It highly rewards simple, short term lending and investing and highly condemns longer terms and more complex loan products and investments. This *could* protect institutions in a rising rate environment but ignores the possibility of an extended period in our current rate environment. A reliance on short term lending and investing for any extended period of time is a recipe for long-term disaster for the credit union industry. Additionally, it seems that this regulation will become obsolete once we are in a more "normal" interest rate environment.

This new regulation could have many negative unintended consequences. The undue burden to keep excess capital will entice credit unions to stop/reduce their higher risk-weighted product offerings (at the detriment of our members) and will increase competition between institutions in a narrow product band. This competition will decrease rates further which will jeopardize the existence of more institutions than this regulation would protect. The proposed regulation will force credit unions to look for increased income in areas that are much more risky than longer term assets and increase the industry's reliance on fee income. High quality, short term assets do not generate enough income to pay the bills. Locally, we are already seeing most of our peers take on credit risk in the indirect market that do not have the tools/systems in place to manage it effectively. Additionally, the fees we are now required to charge to our members make us look like banks.

From the perspective of a closed membership institution, we have concerns regarding how this regulation will affect institutions which do not have a community charter. Because we are unable to retain the integrity of our membership through an indirect lending model, we are already at a handicap when it comes to complying with the NLTA requirements. We are a niche credit union which, because of membership and competition constraints, does much of its lending in mortgage products. With increased capital requirements which will preclude our reliance on mortgages, we will be unable to serve our members the way they are used to being served. This regulation will completely change the board and senior management's day-to-day operations and long-term strategic plan.

We urge you to re-examine the long-term effects that your proposed Risked Based Capital rule would have on the industry. Given our credit union's only source of capital is retained earnings, if passed, this rule would cause the OCFCU board and management to feel pressure to retain earnings to build capital. This means paying lower dividend rates, raising fees, and charging higher loan rates in order to remain "well capitalized." Lending, particularly for mortgage and business loans, will contract. None of these actions are in the interests of our members and could have a long-term negative impact on the viability of our organization. Overall, we fear this regulation will have more negative than positive effects. In conclusion, we believe that America's credit unions, and the members they serve, do not stand to benefit from this rule in a meaningful way.

Respectfully submitted,

Todd Turner
President/CEO
Ohio Catholic Federal Credit Union