OKLAHOMA EDUCATORS CREDIT UNION

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May 19, 2014

National Credit Union Administration
Mr. Gerard Polquin, Secretary to the Board
1775 Duke Street
Alexandria, VA 22314

RE: Comments on NCUA's Proposed Risk Based Capital Rule

Dear Mr. Polquin:

On behalf of Oklahoma Educators Credit Union, I would like to offer the following comment letter on NCUA's proposed Risk Based Capital Rule. Oklahoma Educators Credit Union serves educators, school employees, students, and their family members as our field of membership. We have 10,000 members and $112,932,678 in assets. I appreciate the opportunity to provide comments to the NCUA on its proposed rule.

Our credit union has serious concerns about the proposed Risk Based Capital (RBC) rule because our classification as a well-capitalized credit union could be in jeopardy. Our net worth ratio exceeds 7.00%, however our RBC would fall short from well-capitalized to adequately-capitalized. Therefore, I would like to respectfully address the following points.

a) The RBC proposal provides for a duplication of reserves through the risk based capital rule. The one-size-fits-all approach, as proposed, would require additional reserves be captured through unreasonable risk weighting levels in various asset classifications when reserves for these risks are already captured in our NCUSIF Capitalization Deposit, Net Worth, and ALLL. Regulatory requirements already address and require credit unions to proactively manage differing risks within individual asset classifications with regard to interest rate risk, concentration risk, credit risk, liquidity risk, operational risks, investments, etc.
b) The RBC proposals extreme risk weightings will restrict the healthy growth of the credit union industry and put it at a competitive disadvantage with other financial institutions. Credit unions have a limited means of raising capital, so by inhibiting growth, earnings would be restricted as well.
c) Performing consumer loans with collateral should have lower risk weight than unsecured consumer loans.
d) CUSO investment at 250% seems biased and will undoubtedly have an effect on collaborative efforts. This may alter the level of participation or investment from smaller credit unions, restrict member access deterring them from smaller institutions to larger ones with more exclusive locations, besides the fact that CUSO's will be coming under the NCUA's regulatory scrutiny in 2014.

e) The proposed RBC rule takes strategic decisions out of the hands of those who manage these rules by allowing an examiner the discretion to choose a subjective goal line. Risk is fundamental to every financial institution. Therefore, the credit union's job is to manage risk not avoid it.

f) This proposed RBC rule is an attempt to regulate the most recent recessionary environment since most of the risk weighting calculations are hinged on concentration limits and interest rate risk. Managing a credit union will become arduous if there is no flexibility in the rule especially when the financial environment changes.

g) The proposed rule is inconsistent with Basel III which puts credit unions at a distinct disadvantage with community bank competitors. The recommended 18 month time table does not allow adequate time to implement changes to meet the proposed RBC rule. Credit unions would be forced to make radical decisions in restructuring their balance sheets that would reduce earnings and be counterproductive to member service. Please consider at least a 3 year implementation period.

In closing, thank you for the opportunity to comment on the proposed rule and for considering our views.

Sincerely,

Cindy White

Cindy White
President/CEO
Oklahoma Educators Credit Union