Member One FEDERAL CREDIT UNION

PO BOX 12288
ROANOKE, VA 24024

P. (800) 666-8811

May 21, 2014

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

Re: Comments on Proposed Prompt Corrective Action – Risk Based Capital Regulation

Dear Mr. Poliquin,

Thank you for the opportunity to comment on the proposed risk based capital rule. Our credit union has studied the rule and considered the impact on both our credit union and the credit union system.

Your records will indicate that Member One FCU has remained strong and grown through this recession and rough financial period for our country. We are well-capitalized with a net worth ratio of 9.59% as of 3/31/14. Our capital has grown and earnings have remained strong all while lending and membership initiatives have flourished. In short, our credit union has weathered this financial storm. Further, our credit union did not contribute to losses felt within our industry nor need a government program to sustain capital.

Impact on our present and future membership is paramount in our review of the proposed regulation. While we have practiced managed growth, we need not be arbitrarily constrained by new regulations for capital that are simply added on top of current PCA requirements. Given this, we have several concerns with the proposed regulation:

- We are concerned with the layered approach to this proposed regulation. While we do believe that risk-based capital has its merits, we do not agree with layering it on top of current PCA levels. Perhaps, in the alternative, if layering were to continue, it should only be added to the adequately capitalized level and below.

- We believe that the proposal will constrict credit union lending for mortgages, home equity and member business loans. The proposed risk weights will force credit unions to consider pulling back in originating loans when approaching the next tier in the calculations. This will adversely affect credit provided to qualified members both locally and across our nation.

- We do not understand why it is necessary for comparable risk weights to be more restrictive on our credit union than on our local community banks for the same type of credit. Credit unions have concentration tiers that require higher levels of capital than these banks within several categories.

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- We are concerned with the implementation time of the proposal. We believe that the 18 month window is much too short and should be extended over several years to avoid chaotic reactions for credit unions.

- We are very concerned with the provision of case-by-case capital requirements. Requirements by their very nature need to be known explicitly. Variability of examiner review on the local, regional or national level will breed inconsistency and contempt within the industry and is poor public policy and should be deleted from the final regulation.

In summary, we applaud efforts to make our credit union industry sustainable and ready to weather economic storms. We believe that risk-based capital has merits and that with improvements could prove beneficial to all stakeholders in the credit union industry. Further, we believe that key changes need to be made to address the concerns listed above in order to optimize the economic and practical aspects of an improved capital system for credit unions.

Thank you in advance for your serious consideration of these concerns and needed solutions prior to enacting new regulations. For further information or any clarification needed on this comment letter, please contact Tim Rowe, our Chief Risk Officer, at 540-982-8811 ext. 9130.

Respectfully,

Frank G. Carter, CEO