

SISTERS HOSPITAL EMPLOYEES FCU

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

Dear Mr. Poliquin,

As the Manager and COO of Sisters Hospital Employees Federal Credit Union, I am writing this letter in opposition to NCUA's risk-based capital proposal. While my relatively small credit union would not have to comply with RBC regulations, all credit unions will be impacted by more advanced capital regulations.

NCUA has not justified why this regulation is necessary. According to NCUA, most credit unions are well-capitalized. As a result, it makes no sense to impose new regulation on so many well-operated institutions. This is especially true since many more credit unions than just those over \$50 million in assets that are no longer well-capitalized will be affected by any new regulations. Growing credit unions will have to manage their portfolios to comply with RBC requirements long before they reach the RBC threshold and many well-capitalized credit unions would have capital reduced under NCUA's plan.

NCUA's 2.00 risk weighting for corporate capital needs to be reduced. For smaller credit unions, the corporates provide essential operational services. Perpetual capital from both large and small institutions is critical to the survival of the corporate system. Furthermore, since new capital requirements and investment limitations have been imposed on the corporate system, there is no proof that investing in corporates is one of the riskiest investments a credit union can make.

NCUA should also keep in mind that the length does not make it more or less safe an investment in comparison to other potential loans. It should not give investments higher risk weights just because they are longer than other authorized investments. All credit unions need revenue and prudent, longer-term investments are an appropriate means of maximizing member funds.

I would also like to join other NYS credit unions that have called for the expansion of supplemental capital to all credit unions. The credit union industry needs to be able continue to grow and one of the best ways to insure that it can both meet RBC requirements and grow is with supplemental capital.

This proposal will impact the liquidity and investment opportunities available to all credit unions. Changes have to be made to this proposal in order to make sure it does not protect the Share Insurance Fund at the expense of making it more difficult for credit unions to operate.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosita M. Leone".

Rosita M. Leone