



AUBURN
• COMMUNITY •
Federal Credit Union

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May 16, 2014

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

Dear Mr. Poliquin:

As the CEO of the Auburn Community Credit Union, I am writing this letter to oppose NCUA's proposed risk-based capital regulation. NCUA is so concerned about interest rate risk that it has devised a framework that will make it more difficult to serve our members.

Auburn has conservative underwriting standards. Nevertheless, approximately \$1.7 million in real estate loans would be subject to a 1.25 risk weighting because they exceed a 10 percent concentration limit. NCUA should not assume that concentrations of loans automatically pose a greater threat to a credit union's capital without also taking underwriting into account. Similarly, since the length of an investment does not automatically make it a riskier loan, if NCUA goes forward with this proposal, it should not weight investment assets based solely on their length.

This proposal would impact Auburn's lending and investment strategies. If my credit union stops making loans to qualified borrowers to avoid inflexible concentration limits members will be hurt. When NCUA starts limiting investments that grow the credit union by treating all longer term investments as riskier than shorter term ones and by imposing some of its highest weightings on investments in CUSOs that makes it harder for both Auburn and the industry to grow.

NCUA is making this proposal even though it has not demonstrated the need for RBC reform. Auburn is a well-capitalized credit union today and would remain a well-capitalized credit union with an RBC ratio of 14.63%. If NCUA knows that the vast majority of credit unions are well run why should all credit unions be subject to greater NCUA oversight because they have over \$50 million in assets?

The industry as a whole would benefit from allowing all credit unions to accept supplemental capital. As Congress seeks out NCUA's opinion on secondary capital legislation, NCUA should support secondary capital expansion. Without secondary capital credit unions will find it difficult to both meet RBC

requirements and grow to meet member needs. The RBC requirements proposed by NCUA are a "solution in search of a problem that does not exist" and should be shelved.

A handwritten signature in black ink that reads "Sam Scro, CEO". The signature is written in a cursive, flowing style.

Sam Scro

CEO Auburn Community Credit Union
