FINANCIAL AurGroup CREDIT UNION

May 23, 2014

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

RE: Risk Based Capital Proposal

Dear Secretary Poloquin:

I am President/CEO of AurGroup Financial Credit Union, a $150 million asset based institution, located in Fairfield, Ohio. Our credit union serves three-county territory in Southwest Ohio, but was originally founded by educators of Butler County, Ohio and utility employees in Cincinnati, Ohio. Please also note, that we are a privately insured and state chartered credit union, but realize that rules that have been promulgated by the National Credit Union Administration, have a way of trickling down and impacting our credit union.

We have been through the greatest economic crisis since the Great Depression and it has caused many financial institutions to fail. However, given the tendency of government to "overcorrect" any distressing situations that have occurred in the past; this appears to be another attempt to "fix" something that has already occurred.

Credit unions, in general, offer similar products and services across the nation. However, each credit union is unique given the communities and groups that they serve. Furthermore, I do believe that having healthy net capital levels are vital to credit unions survival, but do not believe one size fits all for risk rating of capital. For instance, would it not be logical for a credit union in rural Nebraska to have more agricultural loans?

Additionally, I agree that diversity helps spread out the risk for an institution, but the risk weightings proposed does not appear to allow for flexibility given the economic conditions that could be encountered in the future. If interest rates rise and mortgage demand shrinks, would it not be logical that other loans would be at a higher concentration?

I do not care for allowing examiner latitude in adjusting risk weightings to a higher level based upon subjective interpretation. What is the incentive for an examiner to not take a conservative approach and work more closely with a credit union?

My first employment out of college was with American Share Insurance as a staff examiner. I worked with multiple credit unions on plans to see them through to profitability and capital accumulation. These items all take time, patience, and management's focus on details to see them through. Given the right amount of management horsepower and volunteer Board of Director's support, a credit union can be restored to a properly functioning financial institution. It appears that NCUA prefers to box in credit unions and not allow the time to adequately restore the credit union back to profitability. There seems to be a rush to get a credit union merged that is not considered healthy, rather than take steps to help and stabilize the credit union.

I would hope that NCUA would take a moment to allow the dust to settle and re-assess the long term ramifications to the proposed rule. I am not saying the proposed rule might not have some redeeming qualities, but as written, I am very concerned about how it will affect credit unions into the future. Ideally, it would be good to table the proposed rule and do some additional studies on the long term consequences of the rule.

Sincerely,

Timothy G. Boellner, CPA

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President/CEO