

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

Dear Mr. Poliquin:

I am a member of the management team of Langley Federal Credit Union. I would like to comment on the National Credit Union Administration (NCUA) proposed risk-based capital rule. I appreciate the opportunity to provide my thoughts on this far reaching regulatory proposal, to express some of my concerns about the potential negative impact of the proposed rule on credit unions.

In general, I support a conservative approach to capital reform. The subject of risk-based capital for credit unions has been on the agenda for a number of years. My concern is the current proposal is overly conservative and unwarranted given the superb recent history of member based credit unions in general.

This regulation as proposed applies to all credit unions without regard for their size, the level of experience within the organization and most importantly their past performance during difficult times.

The implementation of risk-based capital should be part of an overall capital and prompt corrective action reform. This should include lower leverage ratios for well and adequately capitalized credit unions, as well as authority for supplemental capital for federally insured credit unions.

Most importantly, no rule should afford any greater authority for an individual examiner to impose additional capital requirements on a case-by-case basis. It is absolutely essential that credit unions clearly understand their capital and net worth expectations. An examiner should never be allowed to increase a credit union's individual risk-based capital requirement subjectively.

Finally, the effective date of the final rule implementation should be no sooner than the end of year 2018. Once the regulation is final, credit union earnings will have to be balanced with the risk weighting of the assets. Some investments will have to be shortened. Some loans will have to be divested - or at least the position in those loan categories adjusted.

Thank you for the opportunity to comment on this proposed regulation. I support the efforts of the NCUA to pursue a balanced risk-based capital system that requires additional capital for higher risk credit unions and rewards those credit unions with proven risk management skills. I encourage the NCUA to suspend implementation of this new regulation until improvements to the regulation can be made to address the many concerns raised by the trade associations and dedicated industry volunteers and professionals.

Respectfully submitted,

Curtis Baker
Senior Vice President
Langley Federal Credit Union