BMI
FEDERAL CREDIT UNION

May 27, 2014

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

Dear Mr. Poliquin:

I am writing to you on behalf of the Officials, employees, and members of BMI Federal Credit Union ("BMI FCU"). BMI FCU serves more than 28,000 members, with the majority who live and work in the following central Ohio counties: Franklin County, Pickaway County, Fairfield County, Licking County, Delaware County, Morrow County, Union County, and Madison County. Thank you for the opportunity to comment on the National Credit Union Administration (NCUA) proposed rule on Risk-Based Capital.

BMI FCU is considered "well capitalized" under the current risk-based net worth system, and would continue to be considered "well capitalized" under the proposed risk-based capital system. However, our "well capitalized" buffer would decrease by more than $1 million and would lead to a reduction in benefits to members as BMI FCU works to rebuild capital to the same "well capitalized" buffer that we maintain today. BMI FCU members would experience lower dividends, higher fees, and higher loan rates as a result of the proposed rule.

We believe that the proposed rule is extremely detrimental to our members and should not be enacted. The proposed rule places BMI FCU and the Credit Union industry at a competitive disadvantage to our banking competitors due to differences in regulated capital required. The proposed rule has different, and more stringent, risk weightings for mortgage loans, commercial loans, delinquent consumer loans, and Federal Reserve deposits as examples. We believe that any difference in risk weightings assigned to Credit Unions should only be applied if adequately documented and supported.

The Credit Union industry has operated with a Risk Based Net Worth requirement since the year 2000. The current standard saw the industry through the Great Recession with minimal natural person Credit Union failures and losses. Given the actual results and data demonstrated through one of the most extreme economic downturns imaginable, history does not suggest the need for an update to Credit Union capital requirements.

Lastly, we are extremely concerned about the proposed authority provided to NCUA examiners to require a higher minimum risk based capital ratio. This aspect of the proposal allows for too much subjectivity in the process of measuring capital adequacy.

Thank you for the opportunity to comment on the proposal.

Sincerely,

William P. Allender

William P. Allender
President/CEO