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May 28, 2014
Mr. Gerald Poliquin, Secretary of the Board
National Credit Union Adminstaration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

I am writing this letter on behalf of Buffalo Metropolitan Credit Union to express my opposition to NCUA's proposed risk-based capital framework for credit unions with $50 million or more in assets. There is no need for RBC reform at this time.

The NCUA believes that since the vast majority of credit unions remain well capitalized under this proposal RBC reform won't have a great impact on many credit unions. As the CEO of a $90 million well capitalized credit union I know this is simply not the case. Many credit unions will see the capital cushion they use to insure that they remain well capitalized diminished which means less money will be available for our members. In addition all credit unions subject to this regulation, and many more that will reach $50 million over the coming years, will have to train staff, change policies and procedures and reassess their business plans in response to this proposal

I also feel that this is an unnecessary additional burden to be imposing on credit unions that have so many new regulations with which to comply because of Dodd-Frank. Many of these regulations, such as the QM rules, are designed to address many of the issues NCUA is seeking to impact with its RBC proposal.
I am also concerned that the proposal make's inaccurate assumptions about investments made by credit unions and that these assumptions hurt the credit union industry. For example, Buffalo Metropolitan's RBC ratio under the proposed regulation would be even higher if NCUA was not seeking to double the size of the credit union's $120,000 investment in perpetual capital. NCUA created regulations designed to prevent another corporate failure, on what basis is it assuming that corporate's remain unsafe?

If NCUA does go forward with RBC regulations I believe that an appropriate RBC framework can be created that addresses interest rate, concentration, liquidity and reputation risk but does so with risk weights that reflect the sound underwriting record that so many credit unions have. An additional change that would also complement RBC reform is legislation that permits all credit unions to take in supplemental capital. No credit union should have to choose between providing needed serviced to their members and complying with RBC requirements. By giving credit unions additional capital supplemental capital would prevent credit unions from having to make this choice. I urge NCUA to work with Congress and credit unions to pass supplemental capital reform.

I hope these comments have been helpful.

Sincerely,

Patricia Edinger

Patricia Edinger CEO