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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 CS Employees FCU to express my opposition to NCUA's proposed risk-based capital framework for credit unions with $50 million or more in assets. I'm concerned that this proposal will result in less money being made available to help our members.

NCUA has not justified the need for an enhanced risk-based capital framework for credit unions. The biggest challenge faced by credit unions since 2008 was the result of mistakes made by the corporates not mismanagement of capital by natural person credit unions. The vast majority of credit unions performed well over the last several years while paying for the corporate failures. Absent proof that a lack of capital represents a systemic risk to the industry as a whole there is no need to impose a whole new capital system on credit unions.

One way this proposal could hurt our members is its overemphasis on concentration risk. 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. While concentration risk is always a concern credit unions should have the discretion to weigh these potential risks against the need of our members for affordable financing and the need of the credit union to generate income. This discretion is limited once NCUA weights identical loans differently simply because one loan exceeds a certain concentration limit and the other does not.

Chairman Matz has told credit unions that she will make changes to this proposal based on credit union concerns. I hope that NCUA reconsiders the need for RBC reform or, in the alternative, promulgates a regulation that doesn't force well performing credit unions such as CS Employees to reduce the amount of money available to serve members.

Sincerely,

Theresa M Eassa

Theresa Eassa
Chief Executive Officer