Ohio HealthCare
FEDERAL CREDIT UNION
We care because you care.

May 23, 2014

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

Dear Mr Poliquin:

I am deeply concerned about the impact the proposed Risk Based Capital Rules will have on Ohio HealthCare Federal Credit Union. I appreciate the opportunity to submit comments regarding the proposal.

Ohio HealthCare Federal Credit Union was formed in 1973. Over the past 41 years the Board and management have successfully built a strong Credit Union focused on Ohio's health care community. The Credit Union has over 13,000 members many of whom are nurses and nurse aides. The Credit Union has approximately $70 million in assets. I have serious concerns that this new rule will impede our ability to serve these health care members.

Ohio HealthCare FCU has built a very thoughtful and valuable business plan. The Credit Union has been carefully implementing the plan and successfully navigated the recent financial crisis. This was accomplished without the proposed rule in place. I am concerned these proposed rules will require the Credit Union to maintain more capital which will have consequences to the business plan.

I am concerned about the Agencies conclusion that had NCUA had a strong RBC rule in place at the time of the financial crisis, that agency could have mitigated losses from credit unions that failed. The Agency appears to be using this argument to justify the rule. During the financial crisis there were many factors that played a role well beyond the control of the Agency or individual credit unions. The argument is based on a historical perspective which is overly weighing the recent financial crisis. Current and future qualitative and environmental factors should also be used to include in developing the Risk Based Capital approach. The board needs to consider several qualitative and environmental factors such as, the high and increasing capital ratios for Credit Unions as a movement, the improving economic forecasts and others.

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I urge the NCUA board to take a more forward looking approach. I believe the primary risk that Credit Unions and the Share Insurance Fund are facing is the lack of capital resources to assure that Credit Unions can keep up with our banking and non-banking competitors in order to stay relevant to our members.

> In a article "Ohio regulator: Dodd-Frank pushing out small banks" by Evan Weese, Columbus Business First, May 16, 2014, Bert Otto, District Deputy Comptroller for the Chicago region of the OCC was interviewed. The article reports "A challenging environment for community banks has institutions with less than $10 billion in assets nearing a tipping point, a federal regulator says. The headwinds are well publicized: Sluggish loan demand, compressed interest rates, heavy regulatory burden, an aging work force, etc."

It is imperative Credit Unions can operate in an environment with fewer restrictions to compete and thrive. Members need healthy and relevant Credit Unions. I am gravely concerned that if capital is further restricted as proposed in this rule, the challenges to be relevant to our members will be deeply eroded and will risk the sustainability of the Credit Union movement.

I also alarmed that the rule includes the NCUA examiner to subjectively assign a higher capital requirement based on their arbitrary judgment. There are many seasoned Credit Union veterans; both Boards and mangers that successfully run a safe and sound Credit Union and their contributions must be respected. The ability of a NCUA examiner to impose additional capital requirements is untenable.

I do not believe Credit Unions should have risk weights that are materially more restrictive than banks. The weights as proposed in the rule gives reason for my concern that this rule will place Credit Unions at a serious competitive disadvantage and increases rather than mitigate long-term risk.

One glaring deficiency of the rule is the attempt to introduce interest rate risk into the equation. Interest rate risk cannot be evaluated with only one side of a balance sheet as the rule attempts to do. Strategies to fund term investments with matching term liabilities cannot be ignored when evaluating interest rate risk.

In summary I believe the rule is unnecessary and has significant deficiencies. I believe the rule will actually increase risk to Credit Unions and the Share Insurance Fund. I urge the NCUA Board to withdraw the current proposal and begin a process of developing a future oriented Risk Based Capital rule in collaboration with the Credit Unions they regulate.

Thank you for the opportunity to comment on this proposed rule and for considering my viewpoint on risk based capital requirements.

Respectfully,

William O. Butler

William O. Butler, President
Ohio HealthCare Federal Credit Union