

63 Cherokee Road
Hampton, VA 23661
May 28, 2014

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

Dear Mr. Poliquin:

I am a Volunteer Director of Langley Federal Credit Union. I am providing my comments on the National Credit Union Administration (NCUA) proposed risk based capital rule. I appreciate the opportunity to provide comments on this far reaching regulatory proposal, especially to express some of my concerns about the potential negative impact of the proposed rule on Langley Federal and other similarly positioned credit unions.

In general, I support a conservative approach to capital reform. Risk based capital for credit unions has been on the table for a number of years. The current proposal appears to be overly conservative and unwarranted. The proposed regulation treats all credit unions as if they were all bad players without regard for their size, the level of experience within the organization and most importantly the past performance during challenging economic 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 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 understand clearly what their capital and net worth expectations will be. An examiner should never be allowed to increase a credit union's individual risk-based capital requirement subjectively.

Finally, once an appropriate risk-based capital rule is promulgated (assuming that can be accomplished), the effective date of implementation should be no sooner than five years after rule is final. The regulated credit unions will need time to balance earnings with the risk weighting of the assets. Some investments may have to be shortened. Some loans may 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 NCUA to pursue a balanced risk-based capital system that requires additional capital of higher risk credit unions and rewards those credit unions with proven risk management skills. I encourage 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,

A handwritten signature in black ink, appearing to read "Ted Henifin", with a long horizontal flourish extending to the right.

Ted Henifin, Director