



April 16, 2015

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

Sent electronically to: regcomments@ncua.gov
Re: RIN 3133-AD77

Dear Mr. Poliquin:

The Nebraska Credit Union League (League) is the non-profit trade association that represents the interests of Nebraska credit unions and their members. On behalf of the League, I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposal concerning risk-based capital requirements for certain federally insured credit unions. The League understands the need for certain levels of capital but has several fundamental concerns regarding aspects of the proposal that may inhibit the ability of Nebraska credit unions to serve their members. Areas of concern for the League include; supplemental capital, interest rate risk (IRR), additional minimum capital requirements and the effective date of a final regulation.

The League appreciates NCUA's willingness to listen to credit union concerns regarding the original risk-based capital proposal. The League is especially appreciative of the increase to the asset threshold that obligates a credit union to implement the new rule. It is the League's hope that NCUA will similarly listen to our concerns once more, and make the appropriate adjustments to its final risk-based capital rule.

The League requests that NCUA include supplemental capital by credit unions in the risk-based capital calculation and allow credit unions to include it in the numerator. The League believes it is appropriate to include supplemental capital in any final regulation concerning risk-based capital or in a separate, stand-alone rule that would allow full implementation into a risk-based capital framework.

Another rule-making issue that is of concern to the League pertains to IRR. The League supports NCUA's decision to remove the IRR components from the original risk-based capital proposal. However, the League discourages any further regulation concerning IRR. Credit unions already follow regulations that require them to have a board-approved IRR policy and be examined on such areas. It is important in the management of Nebraska credit unions that they have the flexibility to adapt and adjust to IRR issues specific to their individual situations. Thus, the League believes any

additional rule-making on IRR could be harmful to the credit union and affect services to members. The League asks NCUA to consider IRR a supervisory issue without need for further regulation.

In addition to refraining from new IRR regulation, the League asks NCUA to remove the possibility of imposing additional minimum capital requirements on an individual basis. The provisions requiring credit unions to have a written strategy that maintains "appropriate levels of capital" commensurate with the nature of its risks could allow examiners to unexpectedly require additional capital and impact member services. The League is concerned about this proposed provision because it has the potential to subject credit unions to higher capital requirements than what a final risk-based capital rule would provide. The proposal's current capital requirements are already higher than the League believes is necessary to assist in the safety and soundness of individual credit unions and the credit union industry.

While the League appreciates the adjustments NCUA made before issuing a second proposal, including extending the deadline to comply with a final rule, the League requests that the deadline be extended several additional years to lessen the impact on credit union members. Additional time will allow impacted Nebraska credit unions to evaluate what changes may need to be made and ensure that member services are not negatively impacted as they mitigate the risk of falling below the newly imposed thresholds. Credit unions will also need time to monitor their financials and understand how new or changing products and services may impact their future risk-based capital calculation.

Even in today's regulatory environment, Nebraska credit unions are thriving and are overall very well-capitalized. However, the continuous rule-making and growing regulatory burden may eventually have unintended consequences on credit unions and their members. The League asks that NCUA continue to take the opinions of credit unions to heart, as Nebraska credit unions have proven that they can overcome financial crisis to operate safely and soundly and serve their members.

Sincerely,

A handwritten signature in cursive script that reads "J. Scott Sullivan". The signature is written in black ink and is positioned to the left of the typed name.

J. Scott Sullivan
President/CEO
Nebraska Credit Union League