April 22, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

Orange County's Credit Union (OCCU) is thankful to have the opportunity to submit comments on NCUA's revised Risk-Based Capital proposal (RBC2). OCCU is a federally insured California state chartered credit union with $1.2 billion in assets and serving 91 thousand members.

We are pleased to see that NCUA took seriously the large number of responses received from credit unions and others expressing concern about the original proposal. We appreciate the improvements NCUA incorporated into RBC2, but at the end of the day, question the need for this expansive new regulation. The Credit Union industry is well capitalized and has proven its ability to sustain capital in all economic cycles. That being the case, we urge NCUA to withdraw the proposal.

If NCUA decides to move forward with implementation of RBC2, we submit the following for consideration.

Lowering Risk Weights

RBC2 risk weights for current first lien residential mortgage loans over 35% of assets, current and non-junior real estate loans over 20% of assets and commercial loans over 50% of assets be lowered to levels no more than those in place for banks. Credit unions should not be placed at a disadvantage compared to banks especially since credit union balance sheets have proven to be more conservative over time.

RBC2 risk weight for mortgage servicing assets be lowered from 250% to no more than 100%. The risk weight of 250% is much higher than the risk weight for the mortgages that were sold to create the MSRs. The credit risk associated with MSRs is the same as the credit risk of the underlying mortgages.

Interest Rate Risk (IRR)

We appreciate NCUA did not include IRR rules in RBC2, however, we are leery about the potential of adding new IRR rules in addition to what currently exists. We feel the current rules in place provide adequate protection and guidance. If NCUA feels a credit union's IRR analysis and/or processes need improvement, they should be addressed in the regulatory, examination, and supervision process.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital.

Sincerely,

Greg Krause
SVP/CFO
Orange County's CU

cc: CUNA, CCUL