From:	Kerry Parker
To:	_Regulatory Comments
Subject:	RBC2
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Attachments:	image001.png

April 22, 2015

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

Re: Risk-Based Capital 2

Dear Mr. Poliquin:

A+ Federal Credit Union appreciates the opportunity to submit comments to the National Credit Union Administration on the proposed Prompt Corrective Action and Risk Based Capital proposed rule. A+ Federal Credit Union is a $1.2 billion asset credit union, headquartered in Austin, Texas serving approximately 122,000 members.

Credit unions today are better capitalized than at any time in their history with an average capital ratio well over 11%. A+ Federal Credit Union is characterized as well capitalized under the current capital measurement and would remain well capitalized under the proposed risk based measurement. Like many credit unions, A+ Federal Credit Union has a low risk balance sheet and would have a higher capital surplus under the proposed regulation. We were optimistic with the second RBC proposal that we would see some relief; while many improvements were made, there are still issues that need to be addressed:

1. The NCUSIF deposit should not be a deduction from the risk-based capital numerator.
2. The concentration risk penalty for first mortgage loans and junior liens should be eliminated.
3. Investments in Credit Union Service Organizations ("CUSOs") should have similar risk weights as Loans to CUSOs.
4. The costs associated with the proposal outweigh the benefits (per NCUA $3.75 million to adjust the call report and train the staff—this does not include the cost to credit unions). NCUA even states that a limited number of credit unions will be impacted by the regulation.
5. But most importantly, under the revised RBC 2 proposal, our credit union has less room for growth, less resources for members, and more resources used on regulation.

Over the last few years, credit unions have faced a common and growing concern: the crisis of increased regulatory burden. Capital and risk go hand in hand, and credit union senior management, boards, and regulators are all accountable for ensuring that appropriate capital levels are in place based on the credit union's risk exposure. The current proposal lacks recognition of efforts to mitigate and manage risk exposures through asset-liability management and enterprise risk management.

Overall, we question the need for this regulation and its drain on credit union resources. Because of this and the issues noted above, we are opposed to its implementation.

Thank you for providing the opportunity to review and respond to the updated proposed regulation.

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