



April 22, 2015

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

RE: Comments on Proposed Rule: PCA – Risk Based Capital 2

Dear Mr. Poliquin:

Since the first response letter was written almost a year ago, more information has been brought to the forefront concerning both versions of this proposed rule. In as much as we understand that capital requirements are a must, we truly wonder if this proposal is necessary at all. Did we not have a system in place that carried us through some of the most challenging times? Was it not sufficient? Are we placing more emphasis on an issue that may exist for a small percentage of Credit Unions and causing undue stress on all?

Having asked those questions, what answers are acceptable? Our Credit Union has never had an issue with capital. We are diligent in our approach to maintaining its continued growth and preservation. As we look to the future, however, the plans that we have made to bring additional services to our members and grow our Credit Union is now under scrutiny. We are ready to put mortgage loan servicing and member business lending into our mix. We have now had to rethink our direction and spend valuable time making sure it is worth the additional capital with the new risk weights that are likely to be imposed.

We do appreciate that you have gone back to the table to review some of these risk weights and change some of our concerns. It is disheartening that even with the revisions; some are still more restrictive than those imposed on the banks. The risk weighting of 250% for mortgage servicing was unchanged from the original proposal. It is too high and we are hopeful that you take another look and come back with a risk weighting that is more suitable. Since this will be a new service for us, we realize that it will take time to build up and therefore the impact will be minimal. However, looking to the future, the 250% seems excessive for the implied risk. By selling the longer term mortgages and maintaining the servicing, it appears to be a win, win situation. We reduce the interest risk on our balance sheet and keep the relationship with our members.

As far as addressing interest rate risk, we feel that NCUA already has adequate risk governance in place. Since there is more than one method to evaluate interest rate risk, selecting just one method in a fixed rule would inhibit a credit union's ability to manage

its own risk. How has it been determined that additional interest rate risk rules are necessary? It wasn't that long ago, 2012 that the final interest rate risk rule took effect. History has shown that credit union exposure to interest rate risk is modest. So, are we adding an undue burden to majority of credit unions?

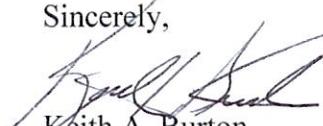
We are glad that the threshold for a complex credit union has been raised; however, we question the logic of classifying a credit union, complex, just by the asset size. The Federal Credit Union Act provides guidance on this already. The makeup of the assets and liabilities should be the indicator as to whether the credit union is complex.

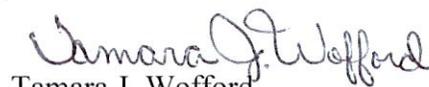
Credit Unions have always been in charge of the capital positions that best suit their operation, while adhering to the current requirements. Some credit unions may determine that having a 15% net worth is where they feel most comfortable, where others may say that this is too high and that it should be given back to the membership in some form. We do not agree with the capital adequacy plan requirements in RBC2. Such a plan could expose the credit union to higher capital levels than are required by regulation and give no credence to the credit unions ability to assess its own risk tolerance and long term capital goals.

We greatly appreciate the proposed delay in the implementation of RBC2, but after listening to several discussions on the Corporate Stabilization Fund, wouldn't it make sense to delay the implementation of RBC2 until the termination of the fund. The refunds to credit unions would go a long way in helping to comply with any additional capital that may be required. Credit Unions were required to step up and take care of our own, which we did. Delaying implementation would have a positive effect towards established opinions of this proposal and allow more time for necessary adjustments, if needed.

As said before in our first letter, we sincerely appreciate the opportunity to express our concerns. We still believe there are issues with RBC2 that will have a negative effect on credit unions and therefore be detrimental to our members. Many current regulatory changes already hamper our ability to be creative with our members when they need us the most. We hope that you take another look at the proposal and do what is best to preserve this industry and all it was originally formed to do. People helping people is what we do best!

Sincerely,


Keith A. Burton
President


Tamara J. Wofford
CFO/SVP