GHS
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April 24, 2015

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

Risk-Based Capital, 80 FR 4340-01

Dear Mr. Poliquin:

As the person in charge of compliance for GHS Federal Credit Union, a $ 154 million dollar credit union that would be subject to NCUA's proposed RBC framework for complex credit unions, I am pleased that NCUA has made substantial improvements to its proposal but remain unconvinced about the need for reform and concerned that NCUA will restrict the ability of credit unions to manage their institutions in a way that they feel best meets the needs of their members.

Most importantly, $100 million is still too low a threshold for a credit union to be complex. Industry trends indicate that there is a growing disparity between the growth rates of credit unions under and above the $500 million dollar threshold. Furthermore, there are many credit unions that have conservative portfolios and don't engage in risky activities. Consequently NCUA should raise the compliance threshold to at least $500 million. However, contrary to the suggestion in this proposal's preamble, NCUA should not link asset size to specific practices when determining when a credit union is complex. A numeric threshold provides a credit union with a bright line for complying with RBC and a large enough asset size is an adequate proxy for complexity.

The decision on how much capital should be put aside to guard against unexpected downturns is one of the most important a credit union can make. It is based not only on economic conditions but on an assessment of unique membership needs. It is critical that RBC regulations should maximize the flexibility of credit unions provided they comply with regulatory requirements. It is for this reason that I am opposed to NCUA's assertion that it has the authority to establish capital buffers for individual credit unions exceeding the capital requirements specifically mandated in regulation. Such a broad based power will effectively allow individual examiners to micromanage individual credit unions.

As a compliance professional I understand that NCUA's primary responsibility is to promulgate regulations that maximize the safety and soundness of the credit union industry. Where additional regulations are needed they should be promulgated. However NCUA is proposing RBC reforms even though there is little evidence that the industry is undercapitalized or unable to cope with even a severe economic downturn. In fact under this proposal, the vast majority of credit unions, including my own, would be "well capitalized." It makes little sense for NCUA to be imposing capital requirements impacting hundreds of credit unions when it recognizes that only a hand full of credit unions need to reform their practices.

Sincerely,

Sandra Dee McCarty
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