April 27, 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,

I appreciate the opportunity to comment on the National Credit Union Administration's Notice of Proposed Rulemaking, relating to Risk Based Capital or RBC, as proposed by the NCUA on January 27, 2015. I represent KEMBA Financial Credit Union, located in Columbus, Ohio. We serve nearly 79,000 members and $970M in assets.

While I greatly appreciate the fact that NCUA took into consideration numerous points of input provided when the original rule was proposed and made many important modifications, the simple fact is this rule, in any form, remains unnecessary. Rules and regulations often come into being in order to solve a problem or correct an issue. The simple truth is that there is no problem or issue to resolve and I would ' *challenge*' NCUA to do some soul searching and present evidence to the contrary. Said differently, if this rule had been in place ten years ago, what problem or loss to the insurance fund would have been prevented?

Furthermore, modeling a bank like rule and attempting to then make it fit into the unique and different aspects of a credit union makes little sense. Hence, there are numerous aspects of the proposed rule that face fundamental challenges, in as much as the NCUA is attempting to make a one size fits all rule that simply isn't necessary and simply doesn't work.

If the NCUA is insistent in moving forward, we would strongly suggest that you do so in the form of examiner guidance, not a hard and fast rule. This allows flexibility for your examiners to apply given each credit union’s unique circumstances and financial condition. Creating a capital standard via formula, including exemptions for certain assets sized credit unions, fails to take into account the complexity, or lack thereof, for each unique credit union.

Finally, while I again want to state this rule is simply not needed, should the NCUA Board insist on moving forward I would strongly recommend the rule be modified to allow for the use of secondary capital by credit unions. In fact, regardless, of the outcome of risk based capital, it is our credit union's belief that supplemental sources of capital should be allowed for by the NCUA. Thus, while adding supplemental capital sources could easily be an independent action of the NCUA, creating a risk based capital rule, while not including the allowance of supplemental sources of capital, should not be an independent action and it makes little sense to do so.

Again, I am very appreciative of the NCUA's willingness to further consider comments on this proposed rule on risk based capital. When all is said and done, the simple truth is that this rule is not needed and as with many well intended rules, I fear the unintended consequences will have profound impact on credit unions for years to come. I strongly suggest you not move forward with the adoption of any rule relating to risk based capital, instead moving to a position of merely allowing for examiner guidance based on each credit union’s unique situation.

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

Sincerely,

Gerald Guy
President/CEO
KEMBA Financial CU Inc

cc: CUNA, CCUL