



April 22, 2015

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

On behalf of Sandia Laboratory Federal Credit Union (SLFCU), the largest credit union in New Mexico with assets in excess of \$2.1 billion and over 76,000 members, please accept this comment letter concerning the latest proposal on "Risk-Based Capital": RIN 3133-AD77. SLFCU serves employees, retirees, and family members of Sandia National Laboratories—one of the state's largest employers—as well as more than 800 select employee groups.

Although SLFCU recognizes the responsiveness of the Administration in the latest version, the proposal to amend the Prompt Corrective Action regulation with the risk-based capital requirements published in the Federal Register on January 27, 2015, continues to be of concern to our management and board.

Most significantly, the proposal for a risk-based capital standard replacing the current risk-based net worth ratio seems wholly unnecessary. The disputed legal authority to impose a two-tier capital threshold aside, the current proposal is so unsubstantive in its effect that the cost to implement it is not justified. The additional data needed to complete expanded call reports, the "comprehensive written strategy" for capital, and the yet-to-come interest rate risk management rules, are evidence-enough given the industry's response to the last crisis and the current widespread health of credit unions. To impose these costs upon all credit unions in an effort to screen-out the few outliers does not make economic sense. The extended, multiple-year implementation period also argues against the necessity of the proposal; if there was a problem with the capitalization of the credit union industry, imposing a regulation that doesn't go into effect for four years would seem to be meaningless and unsupported. The proposed regulation is a solution in search of a problem.

The revised proposal has only increased the significant amount by which SLFCU's capital exceeds the threshold for "well capitalized"; the proposal will do nothing to contribute to SLFCU's safety and soundness. It will, on the other hand, increase overhead expenses in the preparation of supporting documents and reports with no resulting benefit. It is our position that any capital inadequacy known to

exist in the industry should be addressed as part of the supervision process and not as part of the regulatory process.

In closing, we strongly encourage the Administration to pay heed to the chorus of comments arguing against the need and efficacy of the proposal.

Respectfully,



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Cc: Honorable United States Senator, Martin Heinrich
Honorable United States Senator, Tom Udall
Honorable House of Representative, Michelle Lujan Grisham
Honorable House of Representative, Ben Ray Lujan
Honorable House of Representative, Steve Pearce
Credit Union Association of New Mexico President, Paul Stull
National Association of Federal Credit Unions President & CEO, B. Dan Berger
Credit Union National Administration President & CEO, Jim Nussle