

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 am writing on behalf of Lehigh Valley Educators Credit Union, which serves the lehigh valley educational community. We have 16,300 Members and \$300 million in assets. Lehigh Valley Educators Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Risk Based Capital Rule.

I am the CEO of Lehigh Valley Educators Credit Union a \$300 million SEG based credit union. I have been a part of this wonderful cooperative for over 27 years and do not see RBC2 as a benefit to credit unions. While I support efforts to insure safety and soundness in our financial markets, I also realize that banks and credit unions are similar, we are different organizations entirely. This difference is best seen in our member ownership paradigms; credit unions being cooperatives as opposed to the for profit banks. Additionally, the unique individuality among credit unions gives us character lacking in all but the smallest of community banks. One thing I have learned is that the beauty of the credit union movement is in the vast diversity of the organizations that constitute it. From this difference spouts the dilemma when attempting to use a one size fits all regulation.

I won't claim to be an expert in all of the subtle nuances of either RBC1 or RBC2, I will state that the proposal to define a complex organization by size alone is flawed. I would argue that most of the smaller credit unions by nature are less complex as the staff has neither the time nor expertise to venture into the realm of complexity. Conversely, a credit union may have grown in size and crossed an arbitrary tipping point into complex classification yet are plain vanilla at the same time. Thus I object to the rather arbitrary definition of complexity.

Furthermore, although the current proposal is a vast improvement from the original RBC proposal, we are concerned that it would still place Credit Unions at a competitive disadvantage to other financial institutions. One way to eliminate one of the competitive disadvantages is to modify the proposal to allow credit unions to include secondary capital in meeting the 10% RBC requirement. This will place them on a more level playing field with banks.

Finally, credit unions weathered the storm quite well from 2009 to present. We continue to be strong financially and will continue to work as cooperatives to remain strong. We believe that the current RBC proposed rule is unnecessary, will result in substantial costs of compliance and will place credit unions at an unfair competitive disadvantage. Therefore, the proposal should be withdrawn.

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

Respectfully submitted,

Rosemarie Krantz

Chief Executive Officer

Lehigh Valley Educators Credit Union

Sincerely,

Rosemarie Krantz
Chief Executive Officer
Lehigh Valley Educators CU

cc: CUNA, CCUL