From:	Rebecca Mimeault
To:	_Regulatory Comments
Subject:	Comments on Proposed Rule: Risk-Based Capital
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April 27, 2015

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

Re: Comments on the NCUA's Risk Based Capital Proposal, RIN3133-AD77

Dear Mr. Poliquin,

I feel the Proposed RBC Rule would have significant negative capital consequences to credit unions and could place them at a competitive disadvantage to banks. The overall credit union industry has consistently been devoted to servicing their members differently than banks.

<u>Requirements for Capital Adequacy is Unclear</u>

The Proposed Rule requires that "complex" credit unions "must have a process for assessing its overall capital adequacy in relation to its risk profile and comprehensive written strategy for maintaining an appropriate level of capital" and "the nature of such capital adequacy assessments should be commensurate with the credit union's size, complexity, and risk profile." The requirement for credit unions to have a comprehensive written strategy poses excessive regulatory burden to credit unions and the ruling is too vague. There are no clear guidelines and/or criterions of an NCUA's defined "comprehensive written strategy" for credit unions and NCUA examiners within the proposed regulations. This results in inconsistently applied requirements throughout the NCUA and its regions. Credit unions already have adequate capital adequacy policies, processes and procedures in place, therefore the NCUA should remove the requirement of a written strategy from the RBC rule. Furthermore, this proposed requirement appears to be a strong resemblance to the Capital Planning and Stress Testing rules issued last year for credit unions with assets of $10 billion or more.

<u>Decrease the Minimum Capital Requirement</u>

The NCUA's effort to decrease the minimum RBC requirements from 10.5% to 10.0% in the revised Proposed Rule is appreciated, but further reduction is necessary. The NCUA's basis for the minimum capital requirement was mainly derived from Other Agencies' regulation. The ruling does not consider the uniqueness of credit unions when deriving the minimum RBC requirement.

The overall credit union industry is not looking to be more consistent with banks and has devoted time to being low-risk, cooperative institutions. The strong performance of credit unions throughout the financial crisis demonstrates there is no need for significant RBC requirements. This is consistent with Chairman Matz's statement in the GAO Report to Congress (GAO-12-247). The NCUA should further decrease the minimum RBC requirement prior to implementation of a final rule.

Align Risk-Weights for Credit Unions Not Banks

The revised RBC Rule from the original proposal has many positive changes, such as the removal of the cap for the allowance for loan losses and changes to real estate loans risk-weights. Nonetheless, many of the risk-weights within the proposed regulation continue to warrant further evaluation. The NCUA ignores the uniqueness of credit unions and how credit unions handled the effects of the recent economic downturns to its members. Credit unions are known for promoting and conducting responsible lending and managing its financial statements. The diversification and growth opportunities provided by the cooperative nature of credit unions provide a sustainable future the industry and members of credit unions.

Credit unions are not banks and take on less risk. Because they take on less risk, they tend to be less affected by the business cycle. If credit unions are regulated and supervised more, they will act more and more like banks. That would be a tragic loss for the consumer of financial services in America's working and middle class.

Thank you for consideration of these views.

Rebecca Mimeault
Facilities Manager
Digital Federal Credit Union