April 27, 2015

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

Re: NCUA's Risk Based Capital Proposal, RIN 3133-AD77

Dear Mr. Poliquin,

I am writing on behalf of Guardian Credit Union (GCU), a "well-capitalized", $245.0 million asset credit union serving over 33,000 members in seven counties in Southeast Wisconsin. With headquarters in Milwaukee, GCU is a Low-Income Designated credit union that serves a growing and diverse membership since it was first chartered in 1934. GCU appreciates the opportunity to comment to the NCUA's second proposed Risk-Based Capital Rule (RBC2).

The NCUA Board is to be commended for responding to the input that it received last year from over 2,000 comment letters on the initial, proposed risk-based capital rule. Despite the NCUA's adopted revisions, GCU maintains its stance that both drafts of the proposed risk-based capital rule represent an unnecessary, costly, and complex rule that appears to be wrought with legal issues. GCU urges the NCUA Board to discard RBC2 as the rule currently stands.

The credit union industry and the NCUA would be jeopardized by reputational risk and by a multitude of potential legal issues through RBC2. The NCUA does not have legal standing to pass a new, capital-based regulation that establishes a separate, risk-based net worth requirement for "well- and adequately-capitalized" credit unions. Much concern has been raised by the credit union industry about this legality, and it is clear that the reward does not outweigh the risk for passage of RBC2 – a rule whose passage is completely unnecessary.

One brief example of RBC2's impact on GCU is the consequence of the 250% risk weight attached to mortgage servicing rights. We currently service over $280.0 million in mortgages, which are primarily sold to FNMA. This process allows us to eliminate future interest rate risk while retaining the ability to serve our members through mortgage origination and servicing. With the passage of RBC2, we will need to either originate fewer first mortgage loans for our membership, or we will need to increase rates on other products and services to generate the capital needed to accommodate the proposed 250% risk weight. This blanket regulation goes against our fundamental core of providing members with low-cost products and services.

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In summary, GCU appreciates the opportunity to respond to the proposed RBC2. The proposed rule, as currently written, will restrict asset growth and provide for a one size fits all industry, which overshadows the purpose and intention of the proposal. Specifically, GCU believes the shortcomings of the proposed rule will limit loans, deposits, and services to our membership, thus undermining our industry's overall mission and commitment to its members.

Sincerely,

Steven Clemm

Steven T. Wesson
President and CEO
Guardian Credit Union