EMPOWER
FEDERAL CREDIT UNION

Filed via email regcomments@ncua.gov

April 27, 2015

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

Dear Mr. Poliquin,

On behalf of Empower Federal Credit Union, I am writing to you regarding NCUA's proposed rule governing risk-based capital (RBC). We very much appreciate the opportunity to provide our thoughts on this important regulatory proposal and to express our concerns about the potential negative impact of the proposed rule on credit unions and more importantly, our members.

The challenge credit unions face every day is doing what's best for our members while still being financially healthy. This will always be difficult to balance but we work very hard every day trying to accomplish both.

NCUA, in similar fashion, must protect the share insurance fund while still allowing credit unions to fulfill our mission of serving our members as non-profit cooperatives. NCUA must do better at this balance and not make not make it even more difficult for credit unions to accomplish our mission, as certain aspects of the proposed RBC will do.

NCUA **must** balance its competing needs by considering the following changes to the proposed RBC rule:

- ***Incorporate recourse into the equation when determining the risk weighting for mortgage servicing assets.***

  For loans sold without recourse, reduce the weighting from 250% to 100%. Setting the risk weighting at 250% for all mortgage servicing assets, especially those sold without recourse, does not correlate by any means, to the real risk of

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these assets. If left as is, we will be forced to re-assess our ability to offer mortgages to our members. This will also make it more difficult for us to maintain balance as noted above while clearly demonstrating NCUA must better balance its competing needs.

- ***Eliminate the requirement that "complex" credit unions maintain a written plan and process in determining "an appropriate level of capital", which will be assessed during the supervisory process.***

  Strategic capital planning is very important for credit unions and each credit union's long-term desired capital ratio will depend on the credit union's assessment and tolerance of risk. Such a plan should not be the subject of examination and supervision and the goals a credit union establishes for its own capital sufficiency should not become targets or standards in an examination. This will also make it more difficult for us to maintain balance as noted above while clearly demonstrating NCUA must better balance its competing needs.

- ***Incorporate changes that would allow credit unions the authority to raise and include supplemental capital in the RBC numerator.***

  Additional forms of supplemental capital should be included in the RBC numerator. Although current law may not permit the use of supplemental capital as net worth, NCUA can and should authorize supplemental capital's use for RBC. This is needed now more than ever in light of the restrictions brought on by this proposal. Without this, it will also make it more difficult for us to maintain balance as noted above while clearly demonstrating NCUA must better balance its competing needs.

Thank you very much for the opportunity to comment on this proposed regulation. These issues will have a significant impact on out ability to serve our members and respectfully urge NCUA to address the recommended improvements.

If I can be of any further assistance, please feel free to contact me at rnave@empowerfcu.com or 315-728-5121.

Sincerely,

Richard P. Nave
Empower Federal Credit Union
Senior Vice-President Administration