

From: [Jerry Merrill](#)
To: [Regulatory Comments](#)
Subject: Comment on Proposed Rule: Risk-Based Capital; RIN 3133-AD77
Date: Monday, April 27, 2015 12:17:47 PM

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1755 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

This letter represents our view (Concho Educators Federal Credit Union) regarding the NCUA's second proposal on Risk-Based Capital. While we concur with the comments submitted by our trade association, Cornerstone Credit Union League, we would like to reiterate some of the items that directly affect us and that additional improvements should be made prior to implementing.

First and foremost, the capital requirements of banks are and should be completely different than capital requirements of credit unions. The FCUA directs NCUA to connect risk-based requirements to the sufficiency of a credit union's net worth for the adequately-capitalized classification only. It does not provide authority for a second higher risk-based capital requirement for the well-capitalized credit unions. Congress would have to give written authority to NCUA to proceed with two-tiered system.

Secondly, the raising of the asset size from \$50 million to \$100 million for the definition of a complex credit union is greatly appreciated however \$100 million continues to be low. A more appropriate level would be \$250 million for a complex credit union.

Thirdly, the RBC2 risk weights remain too high in several areas. We ask that the weighting be lowered for assets such as mortgage loans, member business loans, and investments. With regards to capital adequacy on RBC2, strategic capital planning is very important for credit unions however it should not be the subject of examination. The proposed capital adequacy plan is not necessary for the vast majority of complex credit unions based on their management and risk profiles when comparing to their current levels of capital.

Lastly, a separate interest rate risk rule is unnecessary. We currently have many interest rates rules in place and additional ones are not necessary. I do think that the 17-4 test is outdated based on the credit union environment changes over the past ten years in which modification should be made to account for the different balance sheet items.

Thank you for the opportunity to comment on this very important issue. Should you have any questions, I can be reached at 325.944-4551.

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