March 27, 2015

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

Re: RIN 3133-AD77
Risk-Based Capital

Dear Mr. Poliquin:

Neighbors Federal Credit Union appreciates the opportunity to submit comments to the National Credit Union Administration on the proposed Prompt Corrective Action and Risk Based Capital proposed rule. Neighbors Federal Credit Union is a $700 million asset community chartered credit union, headquartered in Baton Rouge, Louisiana serving approximately 75,000 members.

We were optimistic with the first RBC proposal that we would see some relief; however, we were extremely disappointed. Over the last few years, credit unions have faced a common and growing concern: the crisis of creeping complexity with respect to the regulatory burden. Capital and risk go hand in hand, and credit union senior management, boards, and regulators are all accountable for ensuring that appropriate capital levels are in place based on the credit union's risk exposure. . The current proposal lacks recognition of efforts to mitigate and manage risk exposures such as asset-liability management and enterprise risk management.

Credit Unions managed thru the Great Recession and the corporate stabilization plan utilizing the current regulatory capital limits. Why does the industry need another RBC requirement? The current one worked in the worst of times.

Unintended Consequences

Credit Unions will be managing more to the numbers than the needs of their members. Under both RBC 1 and the revised RBC 2 proposal, our credit union has less room for growth. Growth translates into more members served and more lives touched thru the value we provide. Why do credit unions exist?

Conclusion

We do not agree with the RBC 2 methodology and prefer the current RBNW requirement. In our opinion, the NCUA has not justified the need for the RBC proposal. As a result, we are opposed to its implementation.