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April 3, 2015
National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,
Dear NCUA Board Members,

Carolinas Telco Federal Credit Union is a $380 million dollar credit union with over 34,000 members and we have branch locations in North and South Carolina. Our current Capital Ratio is at 16.35% and adjusted for the proposed RBC2 calculations, it will actually rise to over 35%.

Our credit union, along with many others, have developed strategies that are proven to work and are safe and sound business practices so we need and deserve the ability to continue doing this good work. As we are faced with competitive challenges, more restrictive regulations, and undue costs from security breaches from merchants, we need to develop alternative strategies to continue our growth and profitability strategies. The limits that you are proposing will inhibit our ability to effectively lead our organizations, introduce new products or lines of business, and continue to serve our membership. There seems to be no historical data to support the urgency of this new regulation, as evidenced by the performance of natural person credit unions and of the NCUSIF during the recent financial crisis. The proposed risk-based capital (RBC2) rule attempts to treat credit unions more restrictive than banks, and that is disturbing.

I have the following concerns:

1. The threshold to be considered a well-capitalized credit union was lowered to 10%, higher than it is currently and substantially higher than the banking community.
2. The risk weights for consumer loans is too high. We should look at performance on an individual credit union basis and manage the ALL appropriately to reflect these risks.
3. The mortgage servicing rights risk weight remains at 2.50.

I applaud you for taking positive steps in adjusting some of the proposed regulation, specifically:

1. Changing the asset threshold from $50 million to $100 million. As a former CEO of an $80 million credit union, a lot of additional work falls onto the CEO shoulders and this increase will ease some burden.
2. Eliminating the individual minimum capital requirement authority from examiners will provide for an unbiased assessment from NCUA to the credit union.
3. Extending the implementation time until January 1, 2019 will allow for better transition for all credit unions and not require radical changes in operations to comply with the final rule.

carolinastelco
federal credit union

Without question, the proposed RBC2 rule limits the competitiveness of credit union lending and investments, adds substantial, unnecessary financial costs to credit union members, and attempts to rewrite federal law as it applies to credit union net worth statutes.

This RBC2 rule seems heavy handed and not in the best interest of the credit unions that NCUA is entrusted to protect and serve. We are looking for our credit union regulator to support the overall uniqueness of the credit union movement in order to protect and serve consumers in an ever increasing abusive financial services arena.

Thanks for your consideration.

Sincerely,

Timothy R. Myers
President/CEO
Carolinas Telco FCU