

September 16, 2014

The Honorable Debbie Matz
Chairman of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Chairman Matz:

On January 23, 2014, NCUA published the Risk-Based Capital (RBC) rule with intent to create a risk-based capital framework that more accurately measures the capital needs of a credit union based on its size and risk profile. While the Carolinas Credit Union League continues to support NCUA's effort to create a more comprehensive risk-based capital framework, the proposed RBC rule would negatively impact the credit union system by jeopardizing member access to competitive and safe financial products and services. Since the comment period for the proposed rule has ended, I strongly urge the NCUA to issue a supplemental proposed rule with an additional comment period.

During the RBC rule comment period, NCUA received over 2,000 comment letters from credit unions and their members expressing concerns for the impact of the rule on credit unions and ultimately members. Credit union officials and stakeholders attended three NCUA-sponsored listening sessions, again voicing concerns with the rule and its impact on the credit union industry. Congress also weighed in, with 360 congressional leaders expressing concerns with the proposal.

NCUA acknowledged during the listening sessions, in numerous media outlets, and in responses to lawmakers that the revised regulation will differ greatly from the proposed RBC rule. Three particular areas for agency revision include risk weightings, the implementation period, and examiner authority to raise a credit union's capital requirement. According to NCUA, risk weightings that may be changed include those for investments, CUSOs, corporates, mortgages, and member business loans. Changes in these risk weightings will have significant impact on a credit union's strategic plan, including but not limited to products and services offered to members, technology, and investments.

Through the comment period and beyond, NCUA has responded to inquiries, acknowledged necessity of changes to the revised rule, and participated in ongoing conversations with credit union stakeholders--actions that indicate NCUA's awareness that revisions to the RBC rule will have a significant impact on the industry.



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Given the strength of the credit union system, there is no dire need for rapid adoption of a final risk-based capital structure. CCUL believes NCUA issuance of a supplemental rule with comment period is most appropriate, in the best interest of the credit union system, and consistent with NCUA's approach throughout the RBC rule process.

I appreciate your consideration of this matter.

Sincerely,

A handwritten signature in cursive script that reads "John F. Radebaugh".

John Radebaugh
President/CEO

cc: The Honorable Rick Metsger
The Honorable J. Mark McWatters