April 28, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Association
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin,

This is the very first time I have ever contacted the National Credit Union Administration (NCUA). However, I have grave concerns over the proposed prompt corrective action, Risk Based Capital (RBC) regulation and feel that you need to hear thoughts from a layman's point of view. I am a credit union volunteer and currently serve as a table officer on the Board of my credit union. Even though the CUNA and NAFCU are weighing in on the behalf of credit unions, I feel that I must let my voice be heard on this issue.

In my humble opinion, my credit union has been a shining example of what credit unions are all about. The first and foremost reason for even being in existence is to serve the members and to give them the very best (translated to mean best cost) of any financial institution and to serve members who could not normally be helped by big banks because of their restrictive practices. This and the fact that volunteer boards are charged with all credit union strategies and business plans sets us apart from banks. This is one of the biggest reasons credit unions should not be strapped with bank-like risk-based regulatory burdens.

In your proposed regulation, many of the things my credit union as been successful in doing, are penalized. History has shown that, with the onslaught of regulatory burden, credit unions have to grow. That has been extremely difficult in recent years with the very narrow margins we have had to navigate. We have always been considered a healthy credit union and have always complied with NCUA regulations and requirements. However, by applying your proposal, my credit union would move from "well capitalized" to "undercapitalized". This is a gigantic disservice to our members because it would cause us to withhold capital that would otherwise fund member loans and take some products that we offer completely off the table.

In the past, we have been able to consolidate troubled credit unions to allow them to continue to serve their members. This also has benefitted the NCUA and the share insurance fund. The share insurance fund has further benefitted from our use of the term "goodwill" in our accounting records, a completely legal and accepted practice in Generally Accepted Accounting Principles (GAAP) and has never caused a problem with our being able to sustain our well capitalized status and continue to serve our members. Goodwill should not be removed as a way for a credit union to account for very real value in its assets at least temporarily after a merger has occurred.

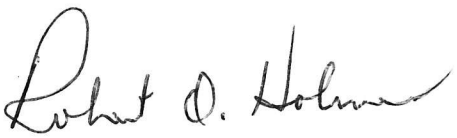
It is difficult to be competitive in the marketplace even in todays current prompt corrective action environment. With the proposed risk based capital regulation, it will be extremely difficult, and would take years to achieve. The weighting amounts you propose, in my opinion, are entirely unrealistic. They resemble a BASEL III risk-based system that the banks are using. Let me remind you that the banks were given many years to comply with the BASEL-STYLE system and banks, as you know, have the ability to raise supplemental

capital, we do not. Again, just my opinion, but if this regulation goes forward, none of the weightings in your proposal should be over 100% and many of the proposed weightings should be 50% and 75%. Again, I am speaking as a layman, so I am not going into all of the elements of risk that you identify and have unrealistic weightings for. Suffice it to say that I don't agree with what was proposed. Remember, the credit unions did not cause the problems leading to the recession. We did just fine then, and will continue to do so without further regulatory burden. Even more troubling in your proposal is that it gives any given NCUA regulator the latitude to even increase the weightings at their discretion. We hear senators and congressmen frequently express views that credit unions should have less regulatory burden, not more. We are the grass roots to economic recovery.

You give us 90 days to comment on this far reaching and complicated proposed regulation and propose 18 months to comply. That to me is totally unrealistic. I always thought NCUA was pro-credit union. This proposal would indicate otherwise. So please, consider doing something in favor of credit union members everywhere and give some additional thought before implementing such a controlling and restrictive regulation.

My board has spent many months and, in some cases, years to craft a strategic business plan that has successfully grown and sustained our credit union during some very difficult times. With this proposed RBC it will be back to the drawing board and any hope of growing will be put on hold for years to come. I just can't believe that would be your intent. Please, let's get on the same team and support the millions of credit union members that we all are charged with supporting.

Sincerely,



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