



April 30, 2014

Mr. Gerard Poliquin  
Secretary, NCUA Board  
1775 Duke Street  
Alexandria, VA 22314-3428

**REF: Risk-Based Capital: Commenting on Your Future –  
Part 2: MEMBER BUSINESS LENDING**

Dear Mr. Poliquin:

NCUA appears to be arbitrarily imposing punitive capital taxes on credit union folks which substantially exceed bank risk-based capital (RBC) requirements added in 2013. These excessive regulatory, capital taxes seem to be "made up" by NCUA without any documented research nor data analysis by the Agency. These extra capital taxes **unnecessarily increase the cost of financial services to the credit union consumer all across America.**

Let's take a comparative look at the capital requirements proposed for member business loans (MBLs). If a consumer wishes to make a business loan (MBL) at a credit union under NCUA's proposed RBC rule, here's the capital tax penalty the credit union member will pay for "*choosing your credit union*":

**Capital Required**

	<u>Bank</u>	<u>CU</u>
MBLs < 15% of assets:	100%	100%
MBLs > 15% < 25% of assets:	100%	<b>150% (!)</b>
MBLs > 25% of assets:	100%	<b>200% (!)</b>

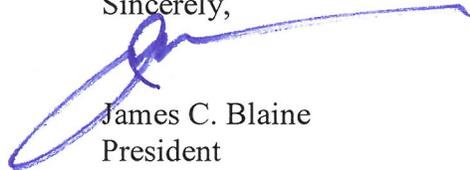
Although, the borrowers, the collateral, the rates and terms, and the underwriting may be identical on a member business loan submitted to a bank or a credit union; **the credit union business borrower may be required to pay a regulatory capital tax twice that required at a bank.** (Is that fair and justified? Not from any valid data presented by the NCUA. Does it make sense? Absolutely not.)

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**“Why is NCUA proposing a capital tax on credit union member business borrowers which is greater than bank capital requirements and which will kill jobs and hurt economic growth?”**

Credit union business borrowers on Main Street, USA deserve to see the documentation justifying the higher capital tax imposed on them by NCUA. Hope all small business owners everywhere will voice their concern.

Sincerely,



James C. Blaine  
President

JCB/ji