



Box 822 • 121 W. 3rd St. N.  
Newton, Iowa 50208-3040  
Phone: (641) 792-5660  
1-800-824-2575  
www.acuiowa.org

MAY12'14 PM 2:34 BOARD

May 9, 2014

Mr. Gerard Poliquin  
Secretary to the NCUA Board  
1775 Duke Street  
Alexandria, VA 22314

Re: Comment period for Risk Based Capital Rule

Dear Secretary Poliquin:

I am writing to address concerns with the current proposal for Risk Based Capital. While I understand the purpose behind setting different requirements to different risk assets, I particularly want to express concern in regard to the following:

Investments in CUSOs at 100% would certainly be sufficient as opposed to the proposed 250%. Advantage Credit Union, for example, has investments in two CUSOs which have supporting operating agreements which limit our loss to the amount of the initial investment. While these amounts are not large in scale and do not cause us any hardship, this limitation needs to be considered when setting these limits. CUSOs continue to help credit unions stay competitive with the big banks by allowing us to get competitive pricing on core services such as data processing and credit card processing, as well as the ability to offer consumer mortgage loans and business lending to our members. Advantage Credit Union has partnerships which are crucial to our operations with, not only CUSOs that we are part owners of but with other CUSOs because of the price and service advantages. CUSOs are a very valuable part of the credit union movement, however, credit unions may be discouraged to invest in sound CUSO investments if their allotted capital requirements are 2 ½ times their investment.

Another concern is giving authority at the examiner level to increase these requirements. The RBC requirements should be clear and concise to give a clear direction to credit union boards and management.

My final comment is to do a serious adjustment of the requirement in various asset categories. For example, collateralized consumer loans should not be the same as unsecured loans and stable MBLs and CUSO investments should not be set at a higher rate than delinquent consumer loans.

While Advantage Credit Union has a high net worth and will not have any immediate difficulties complying with the rule, I respectfully request that the board reconsider the rule as it is currently proposed.

Respectfully submitted,

Corinne K. Coyle  
President/CEO