

From: [Merrill Mann](#)
To: [Regulatory Comments](#)
Subject: RBC Comment
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Mr. Poliquin,

I would like to thank the NCUA for slowing the process down and for their willingness to get more input before making a final decision on the important topic to credit unions of Risk Based Capital. I will let you know up front that I do fall in the camp of those questioning the necessity of a new and improved capital requirement rule in order to keep up with the banks. Credit unions were never intended to be banks. Credit unions are not subject to the same degree of volatility as large banks that deal in international markets, with foreign governments, or in corporate trade.

Before I get into my specific comments on RBC, I would like to note that I have been seeing a troubling regulatory trend over the last decade that appears to be holding up the bank model as the way forward for credit unions. Having been employed and immersed in the credit union movement and philosophy of "people helping people" for many years, moving credit unions into a bank model could be hazardous to our health. I would recommend that NCUA Board Members and Staff alike, at a minimum, be required to take a Credit Union 101 course (first course in the Certified Credit Union Executive curriculum) in order to understand the philosophy, culture, history and mission of the credit union movement. I believe it would go a long way in informing their decisions when faced with issues that could have unintended consequences for credit unions.

Here are a couple of specific concerns I have with RBC in its is current form:

1. Since "credit" is in our name, heavily risk weighting loans to our members seems out of touch. This is what we do and I do not feel we should be penalized for doing our job.
2. In order to create more capital, earnings must be taken from our members. Not really a good idea.
3. Finding other sources of revenue in a low rate environment so capital can be increased is code for increasing fees on our members. Again, not a good idea.

In case you have not noticed, it is a very competitive world out there and leaders in the credit union movement must face reality each and every day. Everything is not cut and dried. We must make difficult decisions to help grow our individual credit unions and serve our members to the best of our ability. While credit unions currently hold a competitive edge over other financial institutions as well as the trust of our members, it is not something we can take for granted. Forcing credit unions to do things with their balance sheets that would cause us to loose our competitive edge and/or the trust of our members could be fatal.

Thank You,

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