

April 22, 2015

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

Re: Comment to the Second Proposed Prompt
Corrective Action – Risk-Based Capital (RBC)
Regulation

Dear Mr. Poliquin:

Please be advised that EPL, Inc. is providing the following comment letter regarding the NCUA's recently proposed Risk-Based Capital rule. By way of background, EPL is a CUSO which develops IT processing solutions and provides core and ancillary processing services to over 110 credit unions nationwide.

We believe the latest RBC rule is totally unwarranted, illegal, and will ultimately undermine the ability of credit unions to provide services demanded by their members at a reasonable cost. First, the NCUA has ignored the cooperative nature of credit unions in formulating the proposed rules and both the original and latest revisions represent solutions to a problem that does not exist. Due to credit unions unique cooperative structure, strong member focus, absence of profit motive and stockholder pressures, the democratically governed credit unions generally eschew excessive risk taking, and compared to their banking counterparts makes it less feasible for credit union managers to benefit from high-risk strategies. Furthermore, there is no evidence that a credit unions investment in a CUSO such as EPL poses a systemic risk to the NCUSIF. The unwarranted 150% risk weighting of a multi CU owned CUSO such as EPL would certainly undermine our ability to obtain future investments from those we serve, and our ability to grow and improve our service to the industry. As a matter of policy, NCUA should be encouraging collaborative CUSO investment, and not discouraging it with a proposed unjustifiable 150% risk weighting. Second, we strongly agree with Board Member McWatter's assessment that NCUA has no legal authority to establish a Risk-Based standard for purposes of determining whether a credit union is well-capitalized. The proposed rule which we believe is illegal, again will make it unnecessarily difficult for a credit union subjected to unreasonable capital demands to (a) invest in a CUSO and provide the CUSO with resources to grow and support the needs of the industry it serves and (b) avail itself of the economies of scale and expertise that a CUSO such as ours provides. Lastly, the proposed rule will place our credit union customers at a competitive disadvantage. The proposed 7% well-capitalized net worth level is above what is required for community banks under Basel III, to say nothing of community banks having access to supplemental capital, which at this point NCUA has not chosen to include in the revised RBC.

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Thank you for the opportunity to comment on this important proposed regulation, one that will have a significant impact on the credit union movement for generations to come.

Very truly yours,

A handwritten signature in blue ink that reads 'Wayne Benson'. The signature is written in a cursive style and is centered within a light gray rectangular box.

Wayne Benson, President and CEO

cc: The Honorable Debbie Matz, Chairman
The Honorable Rick Metsger, Vice Chairman
The Honorable Mark McWatters, Board Member