

April 23, 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 Centennial Lending, LLC is providing the following official comment letter regarding the NCUA's recently proposed Risk-Based Capital rule.

While we acknowledge and appreciate many improvements in the risk weights from the original RBC proposal, including reducing the risk weighting on wholly owned CUSOs to 100%, we remain concerned with a 150% risk weighting on CUSOs that are owned by several credit unions. The CUSOs that are owned by more than one credit union are providing much needed economies of scale, helping to obtain levels of expertise that any individual credit union could not afford or obtain on their own, while helping to share/spread risk and lower costs. Assigning a higher risk weighting to multi-credit union owned CUSOs, is not reflective of the actual systemic risk CUSOs pose. Overall, based on the 2014 data, federally insured credit unions in total have only 17 basis points of their assets invested in CUSOs, and this number *includes* the fully consolidated CUSO investments! Clearly CUSO investment is not a systemic risk to the NCUSIF.

NCUA's 150% risk weight on CUSOs that are owned by several credit unions also applies to the accumulated and undistributed earnings of these CUSOs under GAAP, which we feel is inappropriate. By utilizing this approach, NCUA is requiring credit unions to set aside additional capital, beyond what they initially invested, to cover retained earnings to support future growth of these CUSOs.

We have chosen to not distribute earnings over the years and this would penalize our credit unions because we have been profitable and successful. Centennial Lending was started with \$150,000 from three credit unions in 2000. We now have 18 owners with \$17.5 million in capital. Making them risk weight that amount by 150% seems onerous, and somewhat punishing.



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We encourage the NCUA to reduce the CUSO risk weighting to 100% for all CUSO investments.

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 "Mark Bostock". The signature is fluid and cursive.

Mark Bostock
President