

From: [Matthew Perry](#)
To: [Regulatory Comments](#)
Cc: [Cleo Segovia](#)
Subject: Matthew Perry – Risk-Based Capital (RBC2)
Date: Monday, April 27, 2015 11:27:59 AM
Attachments: [image002.png](#)
[image003.png](#)

Dear Mr. Poliquin,

NCUA's revised the proposed RBC2, from RBC1, which added improvements which could prove to be beneficial. But RBC2 would still have a negative impact on the credit union movement if implemented in its current updated status. I would like to express my discontent and comment to potentially improve some fundamental flaws.

NCUA's rationale for proposing a new risk-based capital rule was to make the RBC system for credit unions more comparable to bank RBC requirements. There is no justification that suggests credit unions were undercapitalized considering their ability to withstand the recent financial crisis and Great Recession compared to banks.

In general, the RBC1 and RBC2 would require the subtraction of goodwill from capital in the RBC ratio. RBC2 would allow a credit union to include "supervisory" goodwill as part of capital, but this provision would expire in January 2025. Some credit unions engaged in mergers with troubled credit unions during the recent financial crisis as a way to reduce insurance losses to the NCUSIF. Some of these credit unions would be harmed if they were no longer permitted to include this supervisory goodwill after 2024. Goodwill arising from previous supervisory mergers should be grandfathered and allowed to be counted as risk-based capital without a time limit so long as it meets GAAP requirements.

I respectfully ask the NCUA to carefully review the proposed revised rule further, to either eradicate or alter certain guidelines for the development of all credit unions. Thank you again for allowing me the opportunity to convey my comments concerning the revised proposal.



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