

Regulatory Comments

From: Nick Montie <no-reply@cuanswers.com>
Sent: Monday, February 23, 2015 5:04 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Nick Montie
Thunder Bay Area Credit Union

02/23/2015

Dear Mr. Poliquin:

Our credit union's board of directors believes this rule is overreaching as many of the failures this proposed rule is trying to mitigate do not even take into consideration the reasons for the losses during the great recession. As has been depicted during the board meeting and in the proposal, over 40% of failures were the result of fraud; all of us have been following the St. Paul Croatian's fraud loss dilemma, which cost the insurance fund \$170 million dollars to date. Economic policy had nothing to do with many of these losses, regardless of the shape of credit unions' balance sheets. The idea that passing a rule—a seemingly typical government reaction—can stop fraud, eliminate mismanagement and prevent external circumstances from decimating credit union's market environment is wrong. Effective supervision is not rule making, it is intelligent supervision and patient reorganization when problems arise. This is lacking in our cu regulatory community today.

Although Congress has stated NCUA must develop risk based capital standards and they must be formulated in a similar fashion as the banking industry, we do not believe Congress wished to create a tax on members and abandon the cooperative principals of credit unions. Since the publication in the Federal Register the actual costs associated with this capital tax have been challenged. Recently NAFCU published an estimate that credit unions will need to raise an additional \$760 million dollars in capital to achieve their current capital levels. Because credit unions only have one source of earnings, that additional capital tax must come directly out of our members' pockets through a reduction in savings rates, increase in loan rates, and potentially changes to transaction fees. We believe NCUA's estimate falls far short of the actual cost to the industry and again focused on the potential risk to the insurance fund rather than those they regulate and ultimately their members. In an effort to remain the best financial resource for our members, we would encourage the NCUA to withdraw the proposed rule altogether.

When CUs are engaged in a daily, hand-to-hand struggle to help folks improve their lives, to encourage their hopes, to educate their kids, and to find a way to stretch shrinking paychecks to the end of the month: then yes, I get angry and incensed by silly people, sheltered from accountability and the hard realities of this desperate economic struggle who recklessly and insensibly make our tasks unnecessarily more difficult. RBC needs to go.

Nick Montie

Nick Montie
Thunder Bay Area Credit Union