

Regulatory Comments

From: Mara Andrasko <no-reply@cuanswers.com>
Sent: Friday, February 27, 2015 12:09 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Mara Andrasko
CU*Answers

02/27/2015

Dear Mr. Poliquin:

I believe the revised RBC rule penalizes credit unions for specific activities such as real estate lending, member business lending, and credit unions chartered to assist the un-bankable by placing a capital tax on the resulting assets of low income or poor credit lending. We believe the end result will be thousands of homogenous balance sheets in 2025 that you can easily understand from a supervisory perspective. However, this current risk posture of the NCUA cannot fail but to lead credit unions to shy away from diversity or cooperative reason for the charter and field of membership. The end result of this rule will ultimately force credit unions into potential areas of investment and lending that the credit union lacks experience with or create industry wide concentrations that could be impacted by similar economic variables. In and of itself, this rule creates more risk than it proposes to control.

Congress intended for the NCUA to develop rules around credit union complexity that would take into account the diversity of credit unions. An arbitrary asset cut-off point is contrary to the mission Congress provided to the NCUA, which is to take in account the special nature of my members' relationship with my credit union.

We must stop the debate about the nuances of the rule and convince the NCUA, after outlining the substantial objections, that the modeling approach needs to be tested and tried in the examination process as a tool and then the results shared with the industry before suggesting that a model be embedded in a law.

A handwritten signature in black ink that reads "Mara Andrasko". The signature is written in a cursive, slightly slanted style.

Mara Andrasko
CU*Answers