From:	Karen Browne
To:	_Regulatory Comments
Subject:	Comment to the Proposed Prompt Corrective Action – Risk-Based Capital Regulation
Date:	Monday, March 10, 2014 1:50:10 PM

Please consider the following concerns and comments regarding the NCUA's recently proposed risk-based capital rule.

TBA Credit Union believes that the CUSO investment risk metric of 250% is excessive especially as compared to other risk ratings. It's hard to rationalize, let alone understand, the reasoning behind this measurement. The CUSOs we invest in have helped our capital and should not be deemed riskier than our consumer loan and credit card loan portfolio.

We use CUSO's and invest in them for various reasons. The CUSO risk rating does not take into consideration the following:

1. The types of services being provided.
2. The operational savings incurred through the use of the CUSO.
3. How substantial the amount of the investment is.
4. The CUSO's financial state including profit.
5. The amount of income generated to offset the investment.

Even if there is a risk assessment for the initial CUSO investment, there is no reason to continue to have a risk assessment if the amount of the investment has been fully offset by net income or cost savings for the credit union that was generated by the CUSO.

Investing in CUSO's has allowed TBA Credit Union to access services and expertise at a far more reasonable cost than hiring individual experts or other more expensive service provider companies. The CUSO model has added value to our capital and by no means should we be required to reserve additional risk capital funds.

It has come to our attention that the NCUA intends to apply the CUSO capital risk rating to both the cash investment made by the credit union *and upon the appreciated value in the CUSO*. We find it hard to fathom that NCUA would penalize the success of a CUSO by requiring that the credit union reach into its pocket and set aside additional capital on the profits earned by the CUSO.

Our operational costs, especially in areas of personnel costs, compliance and technology, are increasing exponentially while interest rates remain low. Our net interest margin is continuing to shrink. Our use of CUSO's have been key in maintaining lower expenses and generating greater net income giving us the strong capital base the NCUA desires.

We believe that the NCUA should be encouraging credit unions to share risk by using CUSO's which will also benefit them by reducing their costs and increasing net income. We recommend the removal of risk ratings for CUSO investments and loans.

Thank you for the opportunity to comment.

Sincerely,

Karen Browne

President / CEO

Locally connected. Personally invested.

TBA Credit Union | P O Box 1049, Traverse City, MI 49685-1049 | p: 231-946-7141 | f: 231-932-5050 | e: karenb@tbacu.com | www.tbacu.com