State Employees' Credit Union

Administrative Offices

April 29, 2014

Mr. Gerard Poliquin
Secretary, NCUA Board
1775 Duke Street
Alexandria, VA 22314-3428

REF: Risk-Based Capital: Commenting on Your Future - Part 1: FIRST MORTGAGE LOANS

Dear Mr. Poliquin:

Thank you for posting this open comment letter for review and response.

First, we all need to understand that requiring more "capital" for a CU service is little more than adding an NCUA mandated regulatory "tax" or "fee" to the CU service. Also useful to note is that these proposed regulatory "taxes" and "fees" are not the result of a democratic debate, vote, nor Congressional approval; *NCUA* apparently just *"makes them up"* without impartial research data nor validated robust analyses.

Mortgages are an important borrowing need for most American consumers at some point in life - owning a home is, after all, part of The American Dream - right? Let's look at the NCUA proposed capital tax on credit union mortgages vs. the capital charge applied by Federal regulators to bank mortgages:

Capital Required

	Bank	CU
First Mort. < 25% of assets:	50%	50%
First Mort. > 25%< 35% assets:	50%	**75% (!)**
First Mort. > 35% of assets:	50%	**100% (!)**

.... So, as you can see, NCUA has "made up" an extra capital tax on CU member mortgages. *Above 35% of CU assets the NCUA capital tax is twice that of a bank mortgage.* Is there any difference in the consumer borrower, the collateral, the CFPB/QM underwriting standards on mortgages at banks versus credit unions? Absolutely not!

1000 Wade Avenue PO Box 27665 Raleigh, NC 27611-7665 919-839-5000 Fax 919-839-5353
www.ncsecu.org

NCUA needs to explain and demonstrate to the American people:

"Why will a credit union mortgage borrower be required to pay a higher capital tax, than a bank mortgage borrower?"

Hope credit union members nationwide voice their concern. **Certain all of us look forward to the Agency's answer as to why the American homebuyer is being penalized for using a credit union.**

Sincerely,

James C. Blaine
President

JCB/ji