

From: [Leo Vaulin](#)
To: [Regulatory Comments](#)
Subject: Risk-Based Capital Comment
Date: Tuesday, May 13, 2014 3:53:19 AM

To: Regulatory Comments
From: Leo Vaulin
CU*SOUTH

05/13/2014

Dear Mr. Poliquin:

As the CEO of CU*SOUTH, I work for the credit unions who are both my clients and my owners - as well as over 1,600,000 members who benefit from the operational efficiencies created by our CU*BASE software and our CUSO network.

I am deeply concerned about NCUA's proposed Risk-Based Capital (RBC) regulations. I believe the RBC proposal will have direct negative impact on my CUSO and the credit unions we serve.

The proposed regulation seriously defeats the cooperative principles that were the foundation of our credit union movement. The regulation overlooks a very important aspect of credit unions - we know our members better than any national bank - and better than any arbitrary formula created at a national level without consideration for the strengths that make our credit unions unique.

RBC moves us another step closer to the trend in consolidation and mega-mergers that will remove any ability to focus on the unique needs of our member groups - be they community, employer-based, or faith-based.

RBC will force CU leaders to manage their credit unions solely for the creation of additional capital and not for the benefit of their members.

I encourage the NCUA to reconsider the proposal in its entirety and consider regrouping in a cooperative spirit with credit union leaders and trade organizations to draft a proposal that is for the benefit of the member and founded on our cooperative principles.

Instead, I urge NCUA to re-focus on educating examiners to better understand the fundamentals of credit union performance. Just as credit unions are the human face of the financial industry, willing to look beyond a simple credit score to the details of an individual member within the context of their community - so should regulators be educated to look beyond arbitrary scoring of a credit union's assets to the actual benefits yielded by these loans and investments.



Leo Vaulin
CU*SOUTH