

**From:** [Pam Pavlo](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Risk-Based Capital Comment  
**Date:** Wednesday, May 14, 2014 2:24:53 PM

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To: Regulatory Comments  
From: Pam Pavlo  
Frankenmuth Credit Union

05/14/2014

Dear Mr. Poliquin:

I am an employee of a great credit union that uses multiple Credit Union Service Organizations. Recently, I came across a number of articles in credit union trade sites regarding a proposed regulation that the NCUA has formulated with respect to risk-based capital requirements. My understanding is that this proposal will affect both my credit union and the CUSOs in which we participate in a very negative way.

It seems that most industry professionals view this proposal as going well beyond what is necessary to protect the insurance fund, and with the resulting consequence of limiting services to members. It will also discourage credit unions from investing in CUSOs, which have provided credit unions with extensive benefits including, but not limited to, patronage dividends returns and reduced expenses as a result of cooperative bargaining on technology.

I hope that you can understand my concern in that while both my credit union and our CUSOs are very strong organizations, placing such heavy-handed regulation on them will undermine the cooperative principles they hold dear as the true differentiator in the industry. My recommendation is that the NCUA take this proposal off the table until such a time as a capital requirement regulation that meets the needs of the industry can be designed—and not one that's solely concerned with the health of your insurance fund.



Pam Pavlo  
Frankenmuth Credit Union