From: NICHOLS, BOBBY
To: _Regulatory Comments
Subject: Proposed rules
Date: Tuesday, May 20, 2014 9:12:41 AM

Dear NCUA,

I am having some difficulty wrapping my hands around the various changes proposed by NCUA. I have worked for both a small credit union and a large credit union so I have seen both ends of the spectrum. I understand the day to day concerns with a small credit union are normally quite different than that of a large credit union. I also see the differences from one credit union to another based on what programs a credit union chooses to offer. Keeping it simple by having only consumer loans in a portfolio versus a credit union that has business loans creates a different degree of risk that must be managed in a different manner. Mortgage lending in fixed rates only is a different risk/concern versus adjustable rate mortgages that can change as the economy moves.

As I read about the proposed Risk Based Capital rules, it seems to imply that if a credit union is of certain size they all fit into one box when it comes to the degree of risk—no matter how complicated or diverse or simple that their offering might be. **I would disagree with this**. Most credit unions have been well managed by seasoned folks with a strong track record of doing things right and helping our members. They are led by solid well-educated Boards who are managing their risk. I would encourage NCUA to take a step back and listen to the managers, Board members and others who are on the ground running the credit unions every day and who are accountable to both their members and NCUA.

A second comment I have relates to this statement from the April NCUA Board Meeting when discussing stress testing. "*Further, many banks have public equity within their capital bases, and the equity holders are a primary audience for the [stress test] result reporting, not the depositors. Accordingly with the credit union capital based on profits instead of external equity, we determined that disclosure <u>would speak to an audience that does not exist</u>.*" Unbelievable that someone (NCUA) who works with credit unions and supposedly is "looking out for the best interest of our industry" could make such a statement. This is a slap in the face of credit unions and shows how out of touch NCUA is with the group it oversees.

If NCUA does not start listening to its' credit unions and working with us, many of us will likely be converting over to a bank. Will your actions create the end of the credit union industry?

Bobby Nichols
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