growfinancial
federal credit union

Robert L. Fisher
President & CEO

May 23, 2014

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA. 22314-3428

Re: Risk Based Capital Proposal

Dear Mr. Poliquin:

Grow Financial Federal Credit Union (Grow), formerly known as MacDill Federal Credit Union, appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk Based Capital (RBC). As a military/SEG based credit union, founded in 1955, with $2 billion dollars in assets, Grow Financial proudly represents 172,000 members and is often recognized as one of the leading credit unions in the nation.

As a point of reference, Grow's RBC as of March 31st was 15.77, and when stress tested against our 2009 balance sheet when delinquencies were more than double, our RBC was 13.54. This is notable given the severe economic downturn in the state of Florida. Grow has always positioned its balance sheet to weather any storm, and we are proud that our net worth never declined below 9%. As a kudo to NCUA, we have always had a great working relationship with our examiners and regional office which dates back to 1990 when the Region III office placed our credit union under an LUA and removed the board. With net worth down to 2.8% and assets of $240 million dollars, I was part of a work-out team that was hired to turn the credit union around. After 24 years with the credit union, 22 as CEO, we continue to follow many of the parameters established in conjunction with our examiners during that time. Over the past 24 years our model has worked well.

Times are changing, however, and the competitive landscape is requiring credit unions to return more to their members than ever before, whether through deposit and loan rates, or investment in innovation that attracts the youth of our nation, which is the future lifeblood of our industry. We feel the RBC proposal will limit the ability of credit unions to both grow and return more because of these additional capital requirements.

p.o. box 89909 | tampa, florida 33689 | p. 800.839.6328 | f. 813.832.3619 | www.growfinancial.org
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One of the most troubling parts of the proposal is that NCUA would have authority to impose additional capital requirements on a case by case basis. While NCUA has verbally stated that such action would require NCUA Board intervention, the proposal as drafted would not preclude examiners from requiring additional capital. We hope this provision is removed from any permanent regulation.

NCUA is well aware of the industry firestorm over the proposed risk weightings. We concur with those concerns. With the exception of consumer loans, the risk weights as proposed place credit unions at a disadvantage to banks. We are also concerned that credit unions would only have 18 months to comply.

Credit Unions were the shining star and example of what was right about financial institutions during the economic downturn over the past 5 years. We do not see the need, nor understand the reason, for a drastic change that the RBC proposal presents. Altering the existing well-capitalized threshold appears to be a better approach. An extension of time for additional comments and research does not present a threat to anyone and would be the most logical approach at this time.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements. Grow has never commented on any NCUA proposal over the past 24 years but feels compelled to respond and get on the record at this time due to the long-term threat this proposal presents to our industry's survival.

Sincerely,

Robert L. Fisher
President & Chief Executive Officer

CC: Bill Nelson, U.S. Senator
Marco Rubio, U.S. Senator
Dennis Ross, U.S. House of Representatives
Gus Bilirakis, U.S. House of Representatives
Kathy Castor, U.S. House of Representatives