

From: [Arthur Wood, III](#)
To: [Regulatory Comments](#)
Subject: Risk-Based Capital (RBC) Comment Letter
Date: Tuesday, May 27, 2014 3:10:51 PM

Dear Secretary of the Board Poliquin,

In my professional opinion the proposed RBC rule should be withdrawn and submitted again, if at all, in 3 to 5 years.

I have been the CEO of two successful credit unions for over 35 years and served credit unions for even longer than that. My credit union is Railroad and Industrial FCU in Tampa, Florida with over \$270 million in assets, nearly 28,000 members, with 8 branches and 70 employees.

My reasons for the withdrawing the proposed RBC rule are:

1. NCUA is usurping the power of Congress to set the definition of a well-capitalized credit union.
2. No evidence has been provided to show that the proposal helps members. In fact it will hurt members by penalizing the management of longer term, higher yielding investments, and member business lending.
3. It is ill conceived by excluding the 1% on deposit with NCSIF.
4. It ignores the reality that the NCUSIF has been extremely stable through its history. You can't justify this proposal.
5. Corporate credit unions can't be used to justify the RBC proposal because ample evidence is arising that the losses at corporate CUs have been grossly overestimated. Again a reason to wait 3-5 years.
6. CUs weathered the financial crisis and are have now greatly improved. So RBC is a solution without a problem.
7. The RBC rule mixes so many kinds of risk (IRR, concentration, credit, etc.) together that it makes no sense. The rule should be more discrete as to which risk(s) are being addressed and how.
8. Historically CU "net worth" has exactly traced RBC so there is no need to create another gauge of what is already being tracked.
9. The discretion given examiners to override rules sounds lawless and will be abused with no protection, such as an independent panel, for CUs targeted by capricious examiners.

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Sincerely,

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