From:	Gregory A. Lentz
To:	_Regulatory Comments
Cc:	Brett Thompson (bthompson@theleague.coop)
Subject:	Risk Based Capital Rule RIN 3133-AD77
Date:	Wednesday, May 28, 2014 2:15:43 PM
Attachments:	logocc8243 facebook3d16e4 youtube9b0615 blog8c9f3a twitter9cf50a google+766ec8 pinterestec4441

Dear Mr. Peliquin,

We understand the NCUA must ensure the safety and soundness of credit unions, however we urge NCUA to abandon the RBC proposal in its current form. The proposal would impose unnecessary compliance and financial burdens on credit unions. It would discourage mortgage and business lending and lead to higher loan rates and fees to members.

NCUA should create a new proposal that is not subjective, is based on facts, and is tailored to a credit union's risk and need. It should also take into account the cost and burdens for implementing a new rule. NCUA should more clearly show why the risk weights are different than those that apply to community banks and it should give credit unions more time to comply with any changes.

NCUA has failed to demonstrate the need for a new RBC rule. On the other hand, the history of credit unions is strong evidence that this excessive rule is unnecessary. The strength of credit unions was demonstrated once again by how well they came through the recent recession. In addition, NCUA already has the tools to manage interest rate risk, concentration risk, investment risk, and other concerns; this new rule is not needed.

NCUA has significantly underestimated the impact of its RBC proposal. As credit unions grow, many more will fall from being well capitalized to adequately capitalized and many more credit union's cushion of being well capitalized will shrink significantly under the proposed rule.

A number of credit unions have hired MBL with expertise and under the rule they would be unfairly penalized simply because MBLs represent a relatively high concentration of their loan portfolio. In addition to failing to consider the knowledge and experience of the credit union staff, the proposed rule fails to consider underwriting standards, loan-to-value ratios, collateral type, or other indicators of loan quality.

The ability of NCUA to subjectively decide that a credit union must increase its risk based capital may be the most disturbing part of the rule. I have experienced firsthand the over reaction of examiners and their supervisors to perceived problems, only to hear when the next set of examiners come through, that they do not see any significant issues. If the first set of examiners could have increased our capital requirements, I am sure they would have; and it would have been completely unnecessary, according to the next examiners to come to our credit union. NCUA has far too much subjective power now, they do not need more. What NCUA needs to do is effectively use the examining authority they currently have and create a meaningful process of appeal that does not intimidate credit unions.

I urge NCUA to discard the unnecessary RBC proposal or make major revisions and send it back out for comments. As the proposal is written it will put credit unions at a significant competitive disadvantage and discourage mortgage and business lending. Credit unions will be faced with significant compliance costs and they will be forced to increase loan rates and fees to meet capital requirements. As written this rule will have a devastating impact on credit unions. I urge you to listen to credit unions and members of congress and make changes to the

RBC proposal.

I am sure your motives are good and you are trying to do the right thing, however this proposal is not the answer. Please do not slowly destroy the industry in your zeal to protect credit unions and the insurance fund.

Thank you,

WESTconsin CREDIT UNION
We belong to you.

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