

May 28, 2014

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314



NCUA Board Members,

Protecting credit unions and the consumers who own them through effective regulation. This is the statement at the top of the NCUA's own website. Unfortunately the proposed Risk Based Capital Rule is in direct conflict with the agency's own promise. The RBC Rule does not protect or provide effective regulation. Instead it hinders, over regulates, and puts unchecked power in the hands of individual regulators. The NCUA Board is smarter than this proposal, and the entire industry and all of its member owners implore them to take step back and revise this rule.

The RBC rule as it has been proposed is unbalanced and creates immediate stress between the credit union and the regulator. The weighting used to determine the risk based capital is only the beginning of the concerns the rule creates. A more pressing issue is the wide range of power that individual examiners will have at credit unions. The regulation if enacted without revision, does not protect, but instead persecutes credit unions for making business decisions that have been beneficial to them, their members and the communities they serve. I am confident this was not the intent of the NCUA Board.

Our credit union would currently be considered well capitalized under the rule. Unfortunately, that does not create any level of comfort for me, my team or my Board of Directors. This lack of comfort comes from the sections of the rule that leave critical decisions to the discretion of the examiner even if a credit union is well capitalized. This is unacceptable and concerning.

The NCUA Board must take a long look and consider the mission that it so clearly states on its website. If the RBC rule moves forward without major revisions then these are only words and the NCUA has failed at fulfilling its mission. I am confident the Board of the NCUA will listen to those that it not only regulates but serves. It is important for them to remember they are still public servants – and we are their constituents.

Thank you for your time and consideration as we work together to insure all consumers have the choice of credit unions and the confidence that they are being regulated by a strong, yet fair regulator.

Sincerely,

Scott McFarland, CEO
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