May 28, 2014

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

Subject: Comments on Prompt Corrective Action/Risk-Based Capital Proposal

Dear Mr. Poliquin:

As the President/Chief Executive Officer of Greater Nevada Credit Union (GNCU), I would like to comment on NCUA's proposed amendments to the regulations related to the current system of Prompt Corrective Action (PCA) and Risk-Based Capital (RBC). The views and opinions expressed in this letter are my own and should not be considered to be reflective of any other individual or body.

Pertinent Background

GNCU is the largest credit union based in northern Nevada and has been in existence since 1949. I have been employed by this credit union for over 25 years and have served in my current capacity for the last 13.

Our credit union serves over 45,000 members, has assets in excess of $475 million, is state chartered and federally insured. We also own a wholly owned CUSO, Greater Nevada LLC, and I also serve as its chief executive. Currently, its single business unit is Greater Nevada Mortgage (GNM), a mortgage origination and servicing operation that has been in operation for nearly 14 years.

Since we conduct all of our business in a state that experienced the full impact of the economic crisis of the last decade, and yet found a way to survive in light of those dire circumstances and thrive on the other side of them, I believe that I have some relevant perspectives to share regarding the potential impacts of this proposal that discusses what levels of capital are deemed appropriate and the potential implications for not amassing enough.

During that extraordinarily difficult period, our credit union was repeatedly challenged on a variety of fronts. From the fallout related to charge offs caused by the massive job losses in our state to the shock endured by our support systems due to the failure of our corporate credit union, we went through the full gamut of arduous experiences. The combined severity of those challenges represented a sustained intensity that our institution had never before experienced. Yet history has now clearly demonstrated that GNCU was ready for those trials as a result of having operated in a safe and sound manner throughout the history of the credit union. That is not to say that we were perfect, as hindsight almost always reveals opportunities for additional improvements. However, the Board of Directors of GNCU and its management team were proven to have positioned the credit union well enough to handle the acute consequences of the most extreme economic upheaval that had been experienced since its inception.

One of the ways this was accomplished was through a history of prudent capital management. Although the PCA framework established in the late 1990's stated that the net worth ratio level to be well capitalized was 7.00%, for many years our Board and management team consciously recognized that was not high enough for the risk profile of our credit union. We understood the operations of GNCU and GNM had other inherent risks that needed to be accounted for in our capital model. Those included the fact that we were geographically limited to serving only consumers in northern Nevada, that we were growing fairly rapidly, and that we were involved in some lines of business, such as indirect vehicle and real estate lending, which carried somewhat elevated risk levels by their very nature. Therefore, we had long established an internal minimum acceptable net worth ratio for GNCU of 8.50%, which was more than 21% higher than the well capitalized level defined by NCUA regulation. By the time the first wave of the economic calamity began to manifest itself in late 2007, the net worth ratio of our credit union been increased to 9.25%.

As we worked to walk through the challenges from the economic crisis, it was no surprise to see GNCU's capital position weaken. After all, the primary purpose of capital is to provide protection in the event of a financial downturn for the company, and for the first time in many years it was being called upon to deliver on that promise for our institution. While it fell at an alarming level, dropping to a low level of 5.09% in mid-2010 that required compliance with PCA, the defense mechanisms that the Board and management had built into our internal operations were clearly working in conjunction with the plans we were executing to bring about a rebound.

From a business perspective, the situation dictated that we scale back our operations significantly, reduce member benefits and service offerings, and become more conservative in our decision making. Each of those areas was addressed in the Net Worth Restoration Plan (NWRP) that we were ultimately able to get approved. Simultaneously, as a credit union that strongly values the spirit of the cooperative movement, we were also internally compelled to commit extraordinary energy and resources toward assisting the multitude of members that were encountering similarly frightening financial issues in their own lives, while also continuing to find creative ways to effectively support the northern Nevada communities where our members live.

However, even with that plethora of issues we found ourselves having to address during that timeframe of more than three years, without a doubt our most substantive challenges we faced came from our federal insurer, the National Credit Union Administration (NCUA).

While the agency took some courageous measures during that time in dealing with the corporate credit union emergency that could be considered creative and laudable, it is equally true that other actions taken with respect to its oversight of natural person credit unions yielded different outcomes for those institutions and their members. In its efforts to reduce the number of credit union failures during this difficult period, NCUA resorted to some extreme measures in its examination practices.

Many of the actions we were required to take at the insistence of field examiners and their supervisory authorities resulted in the needless investment of time, energy and money that were already stretched to nearly their breaking points. We were forced to commit those precious resources to develop a slew of needless analytical reports, engage various consultants that combined to cost several hundred thousands of dollars and who provided little to no value to our operations or strategies, and deal with a variety of other mandates that were frequently delivered in a heavy handed manner. Those measures were all required by agency employees whose sole charge as they understood it was to protect "their insurance fund"[1] and the risks they perceived our credit union represented to it. There was little concern ever uttered by those teams about how the resulting reductions in service by our credit union were likely harming consumers at a time when they needed our assistance more than ever before. Instead, the message clearly was "protect the fund."

Why it is necessary take the time to provide this view of events from the relatively recent past in this comment letter? It's because the manner in which those powers were exercised becomes a germane issue in light of this current PCA/RBC proposal that would broaden the regulatory toolset available to the agency when a credit union experiences such conditions.[2]

An Ill-Conceived Proposal

I hereby respectfully request that the NCUA Board immediately and permanently withdraw this proposed regulatory amendment. Such a request is not made lightly, nor out of some imprudent position that all new regulation should be avoided. Rather, it comes from the position that this particular proposal is ill-conceived. Evidence for this position stems from the following facts:

- During the severe economic downturn of a few years ago, the current credit union capital model and PCA framework went through the most trying test it has ever faced. Yet it stood up extremely well. The nadir for the collective net worth ratio of all federally insured credit unions during that period was 9.67% in March 2009. Viewed another way, this means that <u>the industry as a whole still had $22.9 billion in combined capital above and beyond the regulatory level deemed to be well capitalized at its lowest point</u> during one of this nation's worst economic crises.

  One of NCUA's stated goals in seeking to establish a new system is articulated in the following statement from the proposal: "The proposed risk-based capital ratio is designed to enhance sound capital management and help ensure that credit unions maintain adequate levels of loss-absorbing capital going forward, strengthening the stability of the credit union system and ensuring credit unions serve as a source of credit in times of stress."[3] Given that the existing capital model within credit unions has already clearly demonstrated the type of stability and resiliency desired by the agency during one the most financially stressful period in three quarters of a century, it is clear that there is no need for a new system for the industry.

- To this point in time, no federal governmental entity, including NCUA and the Treasury Department, has ever publicly stated what level of losses the NCUSIF should have reasonably expected to sustain during an economic downturn of the magnitude experienced in the last decade. Therefore, there has been no ability for the credit union industry or any other interested parties to determine whether the insurance losses that actually occurred were excessive, which would be an indicator of a potential need to enhance the existing capital

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[1] This type of characterization of the National Credit Union Share Insurance Fund (NCUSIF) was repeatedly expressed to our credit union by NCUA field staff. It represents a total misunderstanding of the nature of that financial instrument and demonstrates disrespect toward those credit unions and their members that provide its funding.

[2] Our credit union has since been fully restored to financial health, having operated quite profitably for each of the last three years. As a result, our Net Worth ratio currently exceeds 10%.

[3] NCUA proposed rule on Prompt Corrective Action--Risk-Based Capital, pg. 41

system. That flaw alone shows that no foundation exists to justify imposing a new system whose purpose is to encourage credit unions to build more capital.

- The proposal is modeled on concepts derived from the Basel III framework. That framework was designed to address capital issues in the global banking industry, not the U.S. credit union movement, which has an entirely different capital model.[4] In fact, experience now shows that the credit union capital model served its purposes far better than did the banking capital model during the crisis.

  Credit unions already have a more onerous capital burden than banks, with leverage ratios that are generally 100-200 basis points higher. In addition, the definition of reportable loan delinquency within credit unions is much more stringent than banks, at 60 days versus 90 days, respectively. Such delinquency reporting ultimately winds its way into capital computations, and serves as another factor that makes leverage ratios in credit unions stronger than those reported by banks.

  Using any barometer, the comparative data between the performance of credit unions and banks during the economic crisis clearly shows that credit unions were superiorly positioned when that period commenced and functioned far better throughout its duration. Examples of that material performance disparity of credit unions over banks include:

  - Over 70% fewer total credit union failures than bank failures during that timeframe
  - Credit unions maintained far healthier deposit/share insurance fund ratios, as evidenced by the fact that the FDIC fund was actually bankrupt for two consecutive years during the crisis while the NCUSIF remained above $1.20 per $100 in insured shares the entire time.
  - Lower insurance fund losses caused by credit unions by more than 90% over the period
  - There was no need for credit unions to rely on a program like the Troubled Asset Relief Program (TARP) that invested <u>over $400 billion</u> of governmental funds to prop up failing banks and induce them to begin lending again.[5]
  - Credit union loan loss ratios that were less than half as high as banks during the peak of the crisis and remain lower still today.

  Given this set of facts, not only should there be no rush by NCUA to mimic the banking capital model, agency officials should instead be simultaneously praising and vigorously defending the existing credit union model both publicly and privately due to its inherent strength and demonstrated ability to withstand immense economic pressures.

- The recent comment letters submitted by the former Speaker of the United States House of Representatives, the Honorable Newt Gingrich, and the former Chair of the Banking Committee of the United States Senate, the Honorable Alphonse D'Amato, unequivocally demonstrate that this proposal takes the concept of PCA well beyond the bounds intended by

[4] It should also be noted that the Basel III framework remains both not fully implemented and not tested under pressures like those of the recent economic crisis.

[5] In fact, this action by the executive and congressional branches actually added to the competitive pressures that natural person credit unions had to withstand during the economic meltdown, since the implementation of the TARP program meant that they were also effectively competing against the U.S. government while attempting to survive the crisis. Yet they still managed to significantly outperform their banking counterparts.

those elected officials who imposed it on credit unions a little over 15 years ago. To reiterate their positions, PCA for credit unions is different than PCA for banks by the intentional design of lawmakers, and it is inappropriate for a regulatory body to now seek to institute a more restrictive system. In addition, it was never the intent of Congress to impose a risk based capital standard to determine whether a credit union is well capitalized; instead, the Federal Credit Union Act clearly states that those standards were to be used solely to help determine whether a credit union was adequately capitalized.[6] Therefore, this proposal exceeds the intent of the original mandate set forth by Congress and the President, and the actual law.

- The conservative nature of natural person credit unions and their mostly volunteer Boards of Directors practically ensures that one outcome of the imposition of any such rule will be that the industry will heap more capital onto its collective balance sheet. CUNA's most recent estimate is that the proposed system would require credit unions to accumulate $7.6 billion in additional capital to provide a cushion that is equivalent to what we have under the current system. For GNCU it would mean adding another $3.04 million in capital, which is equivalent to 67 basis points of total assets, to our balance sheet and simultaneously taking it away from members. That would be equivalent to an assessment of more than $66.50 on every man, woman, child and business that our credit union currently serves.

  In meetings with NCUA senior staff where this issue has arisen, they have postulated that there is no definitive proof that credit unions will continue to operate under any new RBC system with capital cushions similar to what they have today. However, all of the historical evidence indicates that is precisely what the industry will do. By and large, credit unions have clearly demonstrated over time that they are extremely conservative institutions and will choose to err in that direction when faced with a choice. That mindset within credit unions only becomes further entrenched when NCUA includes statements in a proposal like "...as a prudent matter, a complex credit union is generally expected to operate with capital positions above the minimum risk-based capital measures..."[7] Given that is the expectation by the agency, why would there be any presumption that credit unions would not seek to maintain, or even potentially broaden, their existing capital cushions if a new RBC system is implemented?

  However, for the sake of discussion, let's say that CUNA's reasonable estimate is overstated by as much 20%. If that were to be the case, then the imposition of this rule would still result in an additional $6.1 billion in capital being added to credit union balance sheets. That's $6.1 billion in capital wrested from the American economy at a delicate time in the recovery process. Its sole purpose would be to buffet an already strong fund that insures extremely conservative institutions just so the U.S. government would be further insulated from ever having to fully deliver on its deposit guarantee.

  It is also worth noting that the impacts of this unnecessary buildup of capital would not stop with the additional increase to preserve the existing cushion. Instead, there would also be detrimental implications within both the general economy and individual natural person credit unions into the future. That's because those institutions would have to generate higher levels of earnings each year to maintain their exaggerated capital ratios. This will inevitably lead credit unions to charge higher prices to consumers and small business for financial services; in other words, this proposal will needlessly add inflationary pressures to the U.S. economy.

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[6] 12 U.S.C. 1790d

[7] NCUA proposed rule on Prompt Corrective Action--Risk-Based Capital, pg. 84

Another way for credit unions to manage this dynamic would be to stifle their own growth, which would deliver another blow to consumers and small businesses that rely on their services. The long-term implications for the industry of such a strategy would be decreased credit union market share during a period when competitive pressures are already increasing on a variety of fronts. Therefore, ironically, such decisions by natural person credit unions would also be detrimental to the NCUSIF, since a less competitive credit union industry would ultimately impose higher risks to that fund.

Given the track record of strength and success that the existing capital model has already shown and the incredibly high current level of capital being maintained by credit unions, there is simply no need for NCUA to encourage stockpiling more equity at the expense of the general economy via the imposition of this proposed rule. This is exactly the rationale that over 320 current members of the United States House of Representatives, including 100% of the Nevada delegation, and several current members of the United States Senate sought to convey to the agency via their recent comment letters.[8]

<u>Flawed Design</u>

Beyond being an unnecessary proposal conceptually, the document that was put forward for consideration has a multitude of flaws. Among the most egregious of those are:

- No relevant logic exists for the RBC levels that the proposal would establish for the adequately capitalized and well capitalized thresholds. Instead, in listening to agency officials speak on this matter in multiple different settings, the message has repeatedly been the banking (i.e. Basel III) levels were used as the initial foundation. Again, given the fact that the existing credit union model has outperformed the banking model, that approach is wholly inappropriate.

- The definition of "complex credit union" is overly simplistic. It appears to have been established based on regulatory convenience, rather than any meaningful analysis of what balance sheet qualities make an individual credit union complex as required by the Federal Credit Union Act.[9]

  However, if asset size is going to be the foundation for determining the complexity of a credit union for capital purposes, then a $50 million threshold is far too low. Natural person credit unions of that size, and substantially larger, individually do not represent material loss risks to the NCUSIF. For that reason, a more appropriate asset threshold to determine a complex credit union for capital purposes would be $1 billion in assets.

- Many of the risk weightings used in the proposal are improper. While it has been clear in meetings with agency officials that I have been involved in that their hope is that the industry simply accedes to this new RBC system and allow the conversation to center on making modest modifications to the proposed risk weightings, I prefer not to give credence to the foundation of this ill-conceived proposal by following that approach. However, I will cite some areas of clear deficiency within the risk weightings in the proposal that only serve to further demonstrate its shortcomings, as follows:

  - The relative risk weightings that classify all non-delinquent unsecured consumer loans as less risky than non-perpetual capital in corporate credit unions, loans to a

[8] CUNA News Now, "NEW: Concerned about RBC proposal, 75% of U.S. Reps. sign letter to NCUA", 5/13/14
[9] 12 U.S.C. 1790d

CUSO, non-first mortgages ≤ 10% of assets, member business loans ≤ 15% of assets, land, investments in a CUSO and mortgage servicing assets. While the weighting for the unsecured consumer loans is appropriate, those for the other assets mentioned are far too high and should be no greater than 50%.

- First mortgage residential real estate loans to members ≤ 25% of assets carry a 50% risk weight while first mortgage commercial real estate loans to members ≤ 25% of assets carry a risk weight of either 100% (if < 15% of assets) or 150% (if between 15% and 25% of assets.)
    - Similarly paradoxical, investments with a weighted-average life (WAL) of greater than 5 years, which are frequently backed by real estate loans as well, carry either a risk weight of 150% (if ≤ 10 year WAL) or 200% (if > 10 year WAL.)
- Investments backed by U.S. government agencies should be separated from other types of investments, regardless of their WAL, and treated similarly to direct U.S. government obligations (i.e. They should be given a 0% risk weight.)
- Investments in, and loans to, wholly owned CUSOs that are eliminated on consolidation of the credit union's financial statements should carry a 0% risk weight. Assuming that the CUSO is organized as an LLC, such transactions amount to little more than accounting entries. Meanwhile, the effect of the organizational structure is that it actually helps reduce its overall risk profile by shielding the credit union from potential liability resulting from the activities of the CUSO that it owns and fully controls. Therefore, those CUSO investments and loans literally pose no financial risk to the credit union.
- The asset-backed investment included in Category 10 is not a high risk asset by its nature. Instead, its risk level is solely elevated due to a poor management practice. Therefore, this asset should be part of its normal risk-weight category and Risk-Weight Category 10 should be eliminated since it would no longer contain any qualifying assets. Instead, such situations should be managed through the examination process, which can require that the credit union either takes measures to appropriately resolve the knowledge gap it has or divests of the investment.

- The proposal does not consider the full experience of the industry it insures in making cases for its conclusions. Instead, it opts to attempt to draw attention to isolated situations that arose in individual credit unions during the crisis. Establishing rules and/or policies that largely seek to ensure that past exception cases do not recur at the expense of a vast majority of institutions that performed well within the existing system is not sound decisioning methodology.

  Viewed another way, for every one of the highly visible credit union failures that NCUA so frequently cites and has clearly relied upon in crafting this proposal, there have been countless others who navigated successfully using the existing capital and PCA framework, including our own here at GNCU. As a result, the good work of that multitude of credit unions is going entirely unacknowledged. Instead, those institutions are now at risk of senselessly being penalized by this new proposal by being encouraged to accumulate increased levels of capital simply because of the past bad acts of others that failed.

- The proposed RBC system purports to be a tool to help mitigate interest rate and liquidity risk. However, neither of those risks can be effectively addressed via asset management techniques alone. Instead, they each require a broad view of the balance sheet. Interest rate risk management considers all rate sensitive assets and liabilities, while liquidity risk is determined based on anticipated inflows and outflows of cash. Cash inflows in a credit union essentially occur via the generation of revenue and the accumulation of deposits. Since this proposed system does not include any perspective of the liability portion of the balance sheet, any claims that it assists in managing those two risks are faulty.

- The Individual Minimum Capital Requirement (IMCR) provision should be stricken in its entirety. This concept essentially allows NCUA field examiners and their supervisors to require the establishment of the equivalent of a Net Worth Restoration Plan (NWRP) for credit unions are already either adequately or well capitalized simply based on a difference of opinion between an insurance examiner that makes an assessment of a credit union via an annual visit and the institution's Board of Directors and management bodies who know their credit union, its membership and the markets it serves.

  The situations provided that could result in NCUA invoking an IMCR for a given credit union[10] generally fall into one of two categories. They are either situations that the proposed RBC system is already supposed to have addressed or they represent matters that should be handled by utilizing existing examination tools. This makes it appear that adding the IMCR power is really a technique designed to provide the agency with a backstop if the proposed RBC system does not really work as anticipated for select credit unions.

  Meanwhile, the proposal also seeks to eliminate the existing risk mitigation credit. Part of the rationale for doing so is that, "In practice, it is very difficult to determine the validity of the credit union's mitigation efforts and how much mitigation credit to allow."[11] If that statement is true, then wouldn't the same reasoning also apply when it comes to attempting to determine an IMCR for a credit union that goes beyond the level calculated by the proposed RBC system?

  In short, a properly designed system combined with effective examination practices and ongoing performance monitoring would preclude the need for an artificial tool like the IMCR.

- The proposal to make a de facto determination that it would be considered an unsafe and unsound practice for any credit union to submit more than two NWRPs that are not approved is unsubstantiated, capricious, and incredibly misguided. The only support provided for this proposed change within the proposal is, "NCUA regional directors have expressed concerns that some credit unions have in the past submitted multiple NWRPs that could not be approved due to non-compliance with the requirements of the current rule, resulting in delayed implementation of actions to improve the credit union's net worth."[12] Basing such a change solely on a single anecdotal statement is a highly questionable methodology for determining regulations for an industry.

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[10] NCUA proposed rule on Prompt Corrective Action--Risk-Based Capital, pg. 85-86
[11] Ibid., pg. 88
[12] Ibid., pg. 92-93

As the background information on our credit union provided earlier in this letter indicates, during the peak of the economic crisis our credit union's capital fell to a level that required us to comply with PCA and submit an NWRP to the agency.

That was a professionally scary period for our credit union and, as I indicated earlier, one of our greatest fears was NCUA. Therefore, we approached the NWRP submission process with extreme caution and trepidation. That led us to craft an NWRP that we believed was quite conservative while still being relatively realistic.

As a former CPA and longtime CFO of this credit union before I was promoted to my current position, I personally worked diligently on that plan to ensure that all of the numbers made sense and flowed appropriately across each quarter being projected. Nevertheless, attempting to decipher the arcane regulations governing PCA, while simultaneously trying to factor in the confusing manner in which we were expected to address Troubled Debt Restructures (TDR) at the time made drafting that plan a tremendous challenge. Adding to that challenge was the fact that the sole resource assisting our credit union in the endeavor to put together our plan was a supervisory examiner who was already freely expressing serious concerns about our ability to survive through that difficult period. Beyond that, the agency offered no additional resources relative to drafting a successful NWRP in terms of templates or training. With all of that said, I also accept the responsibility that I might have done a better job with the NWRP submissions, and my intent here is not to cast aspersions. It is simply an attempt to recap the facts and convey the setting at the time.

As a result of all of those factors, our NWRP approval process ultimately lasted exactly six months, and <u>the plan was not approved until our fourth attempt</u>.[13] The main issue in our multiple submissions centered on the treatment of delinquencies, TDRs, charge offs and the resulting provision for loan losses. Therefore, each NWRP version we submitted became more and more conservative, to the point where we knew internally that they no longer reflected reality. Nevertheless, we needed to get an NWRP approved. And, by the way, had this rule proposal been in place at the time, <u>it would have meant that we would have been guilty of committing an "unsafe and unsound practice."</u>

Interestingly enough, as we emerged from our difficult financial situation and were ultimately came out of PCA, we noticed that the version of the NWRP that our performance through that time most closely mirrored was...<u>the first version that we had submitted.</u>

That is why it would be highly circumspect to now impose a rule that unilaterally dictates that a credit union has committed an unsafe and unsound practice that is subject to administrative sanctions simply because it failed in several good faith efforts to get an NWRP approved. Absent the context and mindset surrounding such a situation, including the fact that being under a requirement to submit an NWRP is a scenario that no credit union can ever realistically be expected to prepare for, can lead to faulty rulemaking in a highly sensitive area.

[13] It's also worth noting that we were not just sitting idly by while this NWRP approval process was ongoing. Instead, we were working diligently on a daily basis trying to improve our capital position. We did not need an approved NWRP to tell us it was critically important to do so.

While I am apologetic that we may have utilized agency resources during that harrowing six month period to get our NWRP approved that were deemed to be excessive, I would readily do it all over again tomorrow if that's what it took to help our credit union survive. So it's not clear to me how that could ever be considered an unsafe and unsound practice.

- For similar reasoning, the unilateral categorization that a newly chartered credit union that files more than two unapproved business plans is equally illogical. New credit unions would rarely have an asset base that represent any substantive risk to the NCUSIF, and those people trying to get them off the ground will already be dealing with a litany of regulatory hurdles. What possible good does it do to add something like this to their list of concerns at a time when appropriate public policy would be to seek ways to encourage them to succeed?
- The 18 month implementation period is far too short. As has been reported, the drafting of this proposal took more than two years in a behind closed doors process. Yet it contains an expectation for full compliance by the entire industry a year and a half after it is published. Meanwhile, banking regulators allowed those institutions six full years to achieve total compliance with their new system. Based on this data, the period for full compliance by credit unions should be at least five years after the passage of any similar rule.

The Comment Process

This comment process and the level of information sharing relative to the proposal also could have been vastly improved. For example, it would have been beneficial for the industry at large to have had the opportunity to hear from agency officials either through public hearings or listening sessions before being required to submit a comment. In a public interview, the NCUA Chair acknowledged that the listening sessions scheduled for later this summer will be a "good opportunity to have an informal discussion" that are often valuable because people can "really say what's on their mind."[14] Conducting such a process prior to the completion of the official comment period would have assisted the industry in gaining a better understanding of the agency's thinking behind the proposal and allowed for an improved exchange of ideas and opinions. It would also have likely resulted in an improvement in the overall quality of the official comments that were ultimately submitted.

Beyond that, the public characterization by the NCUA Chair in response to the entirely reasonable requests from the two largest trade associations representing credit unions to extend the comment period on this proposal was unfortunate at best. The unprecedented magnitude and potential implications of this proposal for natural person credit unions definitely warranted more time than the official 90 day comment period, or even the 120 "unofficial comment period" so frequent cited by agency officials, so it is difficult to understand requests to do so would be characterized as "delaying tactics."[15] The agency has readily acknowledged that it took a dedicated team of its staff members over two years to develop this proposal and stated that they considered reams of information and data in the process of doing so. However, the credit unions that would be affected by it were only officially given a 90 day window to assess and provide commentary about the current and future impacts of a nearly 200 page proposal that will be in place during every

[14] Credit Union Times, Video interview with NCUA Chairman Debbie Matz, April 24, 2014, http://www.cutimes.com/2014/04/24/rbc-comment-request-a-delay-tactic-matz.
[15] Ibid.

economic climate and business scenario they will encounter from this point forward. The recognition by CUNA and NAFCU that these potential implications are indeed very real to natural person credit unions and worthy of more thoughtful reflection deserved better than to be chastised by the leader of the agency. At the very least, those requests deserved the opportunity to be formally considered by the full NCUA Board.

Conclusion

Once again, the NCUA Board should withdraw this needless, and potentially harmful, proposal. After that occurs, if the desire still exists within the agency to modify the PCA and/or RBC framework for natural person credit unions, then a new proposal can be drafted after all of the comments submitted on this proposal have been analyzed and fully considered. Once that happens, the new proposal should be drafted and published with an appropriate comment period of not less than 180 days.

The issues being contemplated clearly warrant such careful consideration, given their potential impact on credit unions' ability to serve their members in the manner intended by the Federal Credit Union Act and other similar state statutes throughout the nation.

Sincerely,

Wallace G Murray

Wallace Murray
President/CEO
Greater Nevada Credit Union