FINANCIALPLUS
CREDIT UNION
GET SOMETHING BETTER

May 27, 2014

VIA E-MAIL TRANSMISSION
regcomments@ncua.gov

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 55314-3428

Dear Mr. Poliquin:

I am writing on behalf of Financial Plus Credit Union, which serves 8 counties in central Iowa. We have 11,000 Members and $120 million in assets. Financial Plus Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Risk-Based Capital (RBC).

While Financial Plus is supportive of a strong capital system for all credit unions, there are some considerable concerns regarding the risk-based approach NCUA is proposing. The proposed risk ratings for various asset types are very presumptive and completely disregard an individual credit union's policies, underwriting standards and performance experience. Financial Plus would not be substantially affected by this proposal immediately, but would be negatively impacted in the near future based upon our current growth strategy.

Investments in CUSOs: Financial Plus is a member-owner of an Iowa MBL CUSO. The one-size-fits-all risk weight of 250% for a CUSO is excessive. Applying such a rate without investigating the operational health or the specific operating agreement of a CUSO is unqualified, at best. Our CUSO operating agreement specifically prohibits the CUSO from seeking additional capital calls from its owners, thus limiting our potential loss to our original investment and I would request a risk weight of 100% for this type of CUSO. Risk weighting based on the specific investment, financial success and operational ability of each CUSO is a rational approach.

Non-Delinquent Other Loans: The current proposal combines all Non-delinquent Other Loans into the same risk weighting of 75%. Not all other loans are created equal. I believe it is obvious that share secured and other secured loans (auto, etc.) should have a lower risk weight than unsecured loans. We would argue that the risk weight for share secured loans should be 0% - 25%.

Mortgage Loans: Financial Plus is currently below the 35% of assets category but, again based upon strategic growth, it won't be long before we approach it. We are concerned with the proposal that will apply a risk-weight of 100% on residential mortgages that exceed 35% of assets. The current majority of our portfolio has an LTV of less that 50% and our historical loss rate is virtually zero, despite the recent financial recession. The proposed risk weight will negatively impact our service to members and we strongly suggest that NCUA follow the Basel III approach of 50%.

NCUSIF Deposit: Removing the NCUSIF deposit from both risk assets and capital implies that the deposit is of no value and should be expensed. We agree with the current NCUA stance - that the deposit is a valid credit union asset.

Examiner Authority: The act of giving authority to examiners to impose additional capital on credit unions will severely inhibit the growth of the industry. The board and management of a credit union should be able to strategically plan for meeting their ever expanding members' needs while meeting the clearly defined requirements of RBC. There should be no need for a subjective personal component if the RBC is properly constructed.

Again, thank you for the opportunity to comment on this Risk Based Capital proposal. I appreciate NCUA's willingness to review the feedback received and make the necessary changes so our industry remains viable well into the future.

Respectfully,

Dave J. Cale
President and Chief Executive Officer

CC: Board of Directors, Financial Plus Credit Union