League of Southeastern
Credit Unions & Affiliates

May 28, 2014

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Washington, DC 20314-3428

Re: Comments on Proposed Rule: PCA – Risk Based Capital / RIN 3133 – AD77

Dear Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on the proposal issued by the Board of the National Credit Union Administration (NCUA). The Board is proposing to amend NCUA's regulations regarding prompt corrective action (PCA) to restructure the part, and make various revisions, including replacing the agency's current risk-based net worth requirements with new risk-based capital requirements for federally insured "natural person" credit unions. The proposal appeared in the Federal Register on February 27, 2014. By way of background, LSCU is one of the largest credit union advocacy organizations in the country, representing approximately 285 state and federal credit unions located throughout Alabama and Florida, which serve approximately 6 million members.

The proposal, which the NCUA seeks to extend to credit unions with assets in excess of 50 million dollars, would be more consistent with NCUA's risk-based capital measure in place for corporate credit unions and the regulatory risk-based capital measures used by the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve (Fed), and Office of the Comptroller of Currency (OCC) and would represent the most comprehensive overhaul of credit union capital standards in decades. Unfortunately, its implementation period would coincide with the country's recovery from a lengthy economic recession. It is of paramount importance that such fundamental revisions to our country's credit union capital standards accommodate the twin goals of better aligning regulatory capital requirements with actual risks and fostering a financial regulatory environment that is conducive to the level of

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credit availability that can support a strong economic recovery and long-term economic growth. As discussed in detail in this letter, many aspects of the proposals do not meet these goals and, if adopted, would likely hinder credit availability, dampen economic growth and harm the competitiveness of credit unions just when the U.S. financial sector needs them most.

Our League has long voiced our support for regulatory revisions aimed at ensuring a safer and more robust credit union industry. This includes support for improving the quality of credit union capital and the risk weighting that impacts capital requirements in ways that will enhance the ability of credit unions to serve their members and continue to promote economic growth within their communities. As the NCUA themselves have acknowledged, credit unions have shown their commitment to increasing and strengthening its capital base in recent years, first with revisions to the risk based capital measures utilized now by corporate credit unions and now with the NCUA's proposal impacting natural person institutions.

While supportive of improving the quality of capital and risk weighting requirements, LSCU and our member credit unions have serious concerns regarding the proposal. We have outlined our concerns in our General Comments and Recommendations. Our concerns with this proposal have been heightened by our experiences and those of our members with the numerous rule revisions, regulatory reforms, and increased supervisory requirements that have been hoisted upon credit unions in recent years. Like many before, this particular proposal has the potential to severely hinder the ability of credit unions to provide basic financial services and products to members, to provide credit to small businesses, mortgages to applicants desirous of becoming first time homeowners, and consumer loans to those members seeking to better their station in life through the use of credit union products and services.

Since its announcement in January, the LSCU has hosted numerous town hall meetings throughout Alabama and Florida to inform and update credit union leaders and members on the details of the agency's risk based capital proposal. Our meetings, led by League Senior Vice President Jared Ross, have been a key component of our strategic process designed to maximize opportunities for affiliate members and others to engage in candid discussions about the proposal's content and its impact on their institutions now and in the future.

These deliberations contributed greatly to our primary comments and recommendations and we carefully considered whether, among the many suggested revisions, certain recommendations are more significant for further NCUA consideration. However, the diversity among credit unions means the negative impact of the proposal could not be reduced to a simple list of important items. Therefore, the issues we have identified will all have a measurable impact on our affiliate credit unions ability to serve their members and the communities in which they operate.

In our ongoing discussions with our membership and others, we have found consensus and consistency in the following concerns and recommendations regarding this proposal.

General Comments and Recommendations

To ensure the risk based capital proposal strengthens the credit union industry, without harming the economy or the ability of credit unions to serve their members, we recommend that the NCUA consider the following:

• The NCUA has not adequately justified the need for changes to the rule. The agency should withdraw the proposal to address its many deficiencies and any re-issuance should be simplified and validated with empirical data that identifies the need for such action over and above the desire to operate "more in line" with bank supervisory agencies;

• The NCUA's Proposal will ultimately have a negative impact on credit unions across the country. The NCUA Board's proposed risk-based capital rule would have a major negative impact on federally insured credit unions if substantial changes are not included before it is adopted. In brief, the impact of the proposal will result in credit unions setting aside over $7 billion in additional capital for purposes of safety and soundness; significantly reduce credit unions ability to provide credit to members and communities and make questionable the continuation of other important services; and reduce the ability of many credit unions to grow and expand through acquisition or merger.

• The number of the risk weightings, especially for member business loan and mortgage concentrations as well as for CUSO investments do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without equally considering liability maturities. It is our belief that risk weighting should be revisited and aligned more closely to the actual risk associated with the activity. At this point the weightings are misaligned and our member institutions will pay a high price for the error if no revisions are made to this portion of the proposal.

• The NCUA would require covered credit unions to subtract goodwill from net worth when calculating their risk based capital requirements. Even though this is consistent with Basel III, we do not view it as positive for our credit union membership. The proposal would also require the National Credit Union Share Insurance Fund 1%

deposit to be ignored in the risk-based capital calculation. This will have a chilling effect on credit union expansion via merger or acquisition. We recommend these aspects of the proposal be revised to benefit credit unions as opposed to negatively impacting eligible institutions;

• The NCUA seeks additional authority to impose even higher capital requirements on individual credit unions that could exceed even well-capitalized level requirements. We strongly urge the agency to eliminate this portion of the proposal. It is unnecessary and does not add to the improvement of the capital system among credit unions. The subjectivity present and the inadequate nature of the appeal process serves to make it unacceptable. To vest the ability to require additional capital requirements for a credit union based upon many of the subjective situations present in the proposal warrant their revision or outright removal;

• The time period afforded credit unions to implement the proposed rule is unreasonably short and would place an unnecessary burden upon credit unions attempting to comply with the new rules. The NCUA has proposed an 18-month implementation period once the rule has been finalized. In stark contrast, small banks have been allotted almost nine years to implement the Basel capital standards from the time they were first developed in 2010 until the time they will finally be implemented in 2019. In our view, and we are by any means not alone in this opinion, 18-months is an unreasonable and unrealistic implementation period for credit unions to make the changes necessary to be in compliance. We strongly urge the agency to revisit this aspect of the proposal for reconsideration.

NCUA Proposal Lacks Justification for Risk Based Capital Revisions

We are not surprised that revisions have been proposed by the NCUA to address what they perceived to be a weakness in the treatment of risk based capital among natural person credit unions. The earlier adoption of similar rules for corporate credit unions sent a signal that it was a matter of time before the NCUA would attempt to "close the loop" that is the treatment of risk based capital by having these institutions join commercial banks supervised by the Federal Reserve, FDIC, OCC, and our own corporate credit unions under rules that Chairman Debbie Matz commented "brought credit unions more in line with other regulatory agencies." While not surprised, we believe the proposal would be far more effective and viewed much more positively had the agency performed and communicated a broad based study of the impact of the proposal on credit unions of all segments, members and the likely impact on the economy. LSCU and a clear majority of our member credit unions contacted are disappointed that the agency's justification for the proposal's urgency now just doesn't match the potential difficulties it poses for our institutions. It is important to note that, even considering the changes presented in the proposal and their wide ranging application, the NCUA presented precious little in the way of adequate benefit or quantitative analysis that would lead someone to see the long range benefit to credit unions in the effects of this proposal. Our League therefore urges the NCUA to delay adoption of the rule and initiate a more comprehensive study of the proposal, focusing this time on those areas key to credit unions such as the regulatory and economic impact on them, over time, the treatment and impact of the proposed risk weights for residential mortgage liabilities and those of long term investments. A more thorough study such as this would help the agency better determine whether aspects of the proposal are in fact beneficial in view of their impact on credit activities engaged in by credit unions across the U.S. and on the U.S. economy.

It is important, however, that the study involve a process of collecting and analyzing the credit union data that is sufficiently broad based and representative of the unique model that credit unions possess so that it captures an accurate assessment of the relationship between the individual components that make up the proposed capital standards and their actual impact on credit unions required capital levels, their liquidity, and other pertinent contributors. In light of the limited data available that would serve to validate the need for risk based capital revisions at this time, we recommend that the NCUA consider a more complete empirical study that is more would serve as the basis for revisions that can be substantiated through the process rather than through the need to operate "more inline" with other agencies.

Impact of Proposal on Credit Unions

The NCUA proposal would establish a capital buffer that is intended to encourage credit unions to maintain their net worth ratios and risk based capital ratios above the required minimums. Specifically, credit unions would need to maintain net worth ratios in an amount greater than 6 percent to 6.99 percent and risk based capital ratios between 8 percent and 10.49 percent to be considered "Adequately Capitalized." These amounts would be increased to net worth ratios in amounts greater than 7 percent and above and risk based capital ratios greater than 10.50 percent to be considered "Well Capitalized." Once implemented, it's likely that the capital buffers will function as an unofficial minimum capital requirement for credit unions. As the Agency is no doubt aware, market conditions and supervisory expectations will force many credit unions to treat excess capital differently and maintain added "buffers" to required ratios.

Impact of Proposal on Credit Union Accounting Standards

The impact of the proposed new minimum capital ratios and regulatory deductions and adjustments must be properly analyzed in the context of evolving accounting standards. As the NCUA is aware, accounting standards have a major effect on how a credit union records and reports assets on their balance sheets and therefore have a significant impact on the capital positions of credit unions. As the NCUA continues to assess and work toward implementing a new risk based capital framework, we urge the agency to direct attention toward the consistent accounting treatment of various assets. In particular, the NCUA should focus on consistent capital requirements, based on allowances expected to be recorded on loan and investment activities, and the accounting treatment of various financial instruments.

With this in mind, LSCU suggests that the NCUA determine the impact of proposed changes to the accounting treatment of investments under the generally accepted accounting principles (GAAP) on the capital positions of credit unions. We believe that if the agency determines that changes as a result of the proposal could put credit unions at a disadvantage, any action taken by the agency should include procedures to reduce negative impacts.

Risk Weighting - Reduce Risk Weight Mismatch among Asset Classes

While we are supportive of creating a more responsive risk-based capital framework, we have concerns regarding the treatment of revised risk-weights found within the proposal. We therefore recommend that the following action should be taken to provide for the following in any re-proposal of the risk weights applied to credit unions:

- Reduce the risk weight mismatch among asset classes;
- Recognize that performing loans are less risky than nonperforming loans; and
- Re-calibrate the maximum risk weight so that it does not exceed the value of the asset.

LSCU and our members believe that thorough analysis of actual and relative risks in the residential mortgage market is especially important because the proposed risk weights vary significantly from those capital standards applied to large and community banks and therefore would have a detrimental effect on credit unions ability to compete with institutions offering similar credit products.

It would also be advantageous for credit unions to reduce the risk weight applicable to residential mortgage loans because the proposed 100 percent risk weight for credit unions with greater than 35% of assets in mortgages is excessive.

The risk weights that are presented in the proposal range from zero percent to 1,250 percent with member business lending and various investments shouldering the largest share. There is little data available to justify the particular risk weights chosen by the agency for inclusion. It is clear however, that the proposed risk weights present do not appear to reflect the actual, observed risk of assets or the relative risk across asset classes. This is the view of many experienced industry leaders and it is ours as well. We encourage the agency to revise the proposal using the empirical analysis we've recommended. An approach such as this would provide a stronger match of actual and relative risk of assets with standardized risk weights to reduce the risk weight mismatch present in the proposal and among financial institutions.

The negative consequences of poorly crafted risk weightings in the proposal are serious and a threat to our members long term viability. Credit unions, a critical part of the financial services fabric of this country, will respond to the requirements the NCUA puts into place: it would therefore be counterproductive for the agency to put those institutions in the less that advantageous position of trying to operate with questionable risk weights in place. For example, the proposal promotes consumer credit over secured home real estate secured loans ("SRELs") without any explanation or empirical evidence that one is inherently safer than the other. Similarly, past due exposures receive a risk weight of 100 percent, while an asset-backed investment receives risk weights of up to 1250 percent—but again, without evidence that credit union exposure is more than ten times riskier than delinquent loans.

LSCU strongly believes that, before proposing broad based changes to risk weights, the NCUA should provide a credible empirical basis for doing so. Given the potential for a damaging misallocation of resources, it is unacceptable for such proposals to be made on intuitive judgments, agency statements, or in an effort to bring the industry more "in line" with activities of other financial agencies. Changes in risk weights should be correlated and calibrated as much as possible to actual differences in risk.

Residential Mortgage Exposures

The mortgage categories containing the risk weights for residential real estate lending is not supported by adequate data that has been broadly disseminated among credit unions. The reasoning that places current and non-delinquent first mortgage real estate loans greater than 35 percent of total assets in category 5 is debatable and to make them subject to higher risk weights because they "generally are of higher risk," is not adequately supported by empirical data or other evidence that clearly justifies the claim.

What is consistent among our members and others engaged in underwriting residential real estate lending is that, holding other risks in check, residential mortgage loans with excessive loan-to-value ratios are indeed riskier than those with lower ratios. But all other risk characteristics, such as the wealth, income, credit score or debt-to-income ratio of a borrower, are not and never have been constant—and it is just as obvious to us that these underwriting characteristics have a critical impact on the actual risk a mortgage loan presents and it is a very different picture than the one presented by considering the loan-to-value ratio alone. There are many more characteristics that affect the risks associated with a residential real estate loan over and above those that distinguish a category 2 from a category 5 loan. Given these and other important underwriting characteristics, which are and always have been key to credit unions originating member mortgage loans, the proposed risk weights for these loans are mismatched with regard to their risk weight and actual risk to the institution.

LSCU recognizes questionable underwriting practices and other documented problems among a wide variety of lenders in the residential mortgage market contributed greatly to the most recent financial crisis. We also acknowledge the NCUA's efforts, and those more stringent underwriting standards now required by the Dodd-Frank Act, are in place to address those problems along with the proposed risk-based capital framework, including revised risk weights for residential mortgages. However, the revisions proposed would damage, not help, credit unions ability to provide residential mortgage credit opportunities to members because they do not accurately reflect the actual or relative risk of certain types of residential mortgage loans. As a result, this proposal would place credit unions nationwide that fall under its eligibility guidelines at a competitive disadvantage with other mortgage providers, potentially increase the cost to members to borrow and likely reduce the availability of credit among credit unions. There would be little positive gained from these results.

The issues related to the NCUA proposals treatment of risk weighting of residential real estate credit should be re-evaluated prior to adoption with much needed revisions addressed in a re-proposal open again for comment by those credit unions operating under its standards.

Goodwill & NCUSIF Deposit Treatment

The NCUA has chosen to exclude, among other items, Goodwill and NCUSIF Deposits from the risk-based capital elements. In order to achieve a risk-based capital numerator reflecting equity available to cover losses in the event of liquidation, goodwill and other intangible assets would be deducted from both the risk-based capital numerator and denominator. We disagree with this decision and believe it to be counterproductive to many within our membership. It is our belief that there is value in Goodwill contrary to the NCUA proposal's treatment of it. The treatment of Goodwill by GAAP is extensive and requires credit unions to test for any impairment at least annually. This treatment is contradicted by its treatment in the proposal and we would like to see revisions made to ensure consistency here. While it is true that "Goodwill" and other intangible assets can contain a high level of uncertainty regarding a credit union's ability to realize value from these assets, especially under adverse financial conditions, we find this one size fits all approach detrimental to our members and question the contradiction created by the proposals treatment of it.

The proposal also seeks to treat NCUSIF capitalization deposits as a deduction from capital in the proposal. In the proposed rule, the NCUSIF deposit is subtracted from both the numerator and denominator of the risk-based capital ratio and telegraphs the message that it too has no real value. The NCUA's position here is that the treatment for the risk-based regulatory capital standard would not alter the NCUSIF deposit accounting treatment for credit unions. We disagree. First, this treatment minimizes the long established treatment by GAAP as well as identifies a weakness in the NCUA's treatment by seeking to allow credit unions to show the deposit as an asset while prohibiting its status as an asset. It's either an asset and not deducted from capital or it's not an asset but in our view, it can't be both.

Potential Case-by-Case Capital Requirements for Credit Unions

LSCU is very concerned about provisions within the proposal that permits NCUA to be able to require a higher minimum risk-based capital ratio for an individual credit union in any case where the circumstances, such as the level of risk of a particular investment portfolio, the risk management systems, or other information, indicate that a higher minimum risk-based capital requirement is appropriate. The basis for this expansion of agency authority to require additional capital is subjective at best. While there are examples of specific events that could initiate the requirement, most are subjective and others are indefensible. A review of the proposal includes the following proposed situations under which a credit union could be required to increase their capital levels. Of the fifteen specific situations which potentially allow the NCUA to increase capital level requirements, these eight are most troubling to credit unions given their very subjective nature and their potential threat even to those institutions with sufficient capital levels. The basis for increased capital requirements could be the examiner determination that a credit union:

- Has a high degree of exposure to interest rate risk, prepayment risk, credit risk, concentration risk, certain potential risks arising from nontraditional activities or similar risks, or a high proportion of off-balance sheet risk.

- May be adversely affected by the activities or condition of its CUSOs or other persons or entities with which it has significant business relationships, including concentrations of credit.

- Has a record of operational losses that exceeds the average of other similarly situated credit unions; has management deficiencies, including failure to adequately monitor and control financial and operating risks, particularly the risks presented by concentrations of credit and nontraditional activities; or has a poor record of supervisory compliance.

- Reflects conditions or circumstances leading to the determination that a higher minimum capital requirement is appropriate or necessary for the credit union.

- The urgency of those circumstances or potential problems.

- Reflects negatively on the overall condition, management strength, and future prospects of the credit union and, if applicable, its subsidiaries, affiliates, and business partners.

- The credit union's liquidity, capital, and other indicators of financial stability, particularly as compared with those of similarly situated credit unions.

- The policies and practices of the credit union's directors, officers, and senior management as well as the internal control and internal audit systems for implementation of such adopted policies and practices.

These factors, if adopted, would exceed the objective risk-weighting system implicit in the new risk-based capital ratio calculation. As a result the NCUA's determination of whether a credit union would be subject to an individual minimum capital requirement would of highly subjective. We believe the consideration of this aspect of the proposal should be deleted from the final rule. It is subjective and skewed to the detriment of credit unions.

The case-by-case capital requirement portion of the proposal would also establish a process under which a credit union could challenge the requirement for higher capital. The credit union would be entitled to "reasonable prior notice" from NCUA that would state the levels of capital NCUA seeks to impose and the cause for the extra capital along with a schedule for attaining the higher capital levels. The credit union must respond within 30 days and may file a notice if it objects as well as seek a recommendation from the NCUA Ombudsman. We have many concerns about the adequacy of this process.

Credit Union Implementation Period

Based on the proposal's requirements, we believe credit unions will face significant difficulties in meeting the proposed new capital requirements within the time allotted by the NCUA. The complexity of the new requirements will be extremely difficult for many institutions to implement. The revising of the capital categories, which will be challenging for smaller credit unions, will prove particularly burdensome given that they cannot overhaul their capital composition as quickly or easily as some in the agency apparently believe. As a result, credit unions may be forced to radically change their business model in an attempt to comply with the revised capital requirements within 18-months. This reevaluation could include a reevaluation of products and services and may lead to a reduction in credit activity, with the result being that members, small businesses, and mortgage applicants will enjoy less access to credit opportunities.

LSCU and our member credit unions believe that some of these negative results may be avoided if the agency revises its current timetable for implementation and provides additional time for effected credit unions to comply with the new standards. This would allow institutions adequate time to adapt systems and, if necessary, reassess their business plans in a reasonable, orderly manner. We believe that deferring implementation to a later date would be consistent with the stated intent of the agency and industry leaders as they expressed their desire to protect and preserve America's credit unions for future generations. Without an appropriately applied implementation period, credit unions could be significantly harmed by adoption of the proposal in its current form. In any event, no credit union should be required to comply with any revisions to PCA – Risk Based Capital Rules any sooner than 48 months after a final rule has been published in the Federal Register. Moreover, additional time for compliance should be provided to smaller credit unions and those with limited resources to allow them to adapt systems and access the capital markets as necessary in an orderly and well planned manner. We support a longer implementation period and urge an adjustment that establishes an effective date for credit unions to be no earlier than June 1, 2020. We also suggest the Agency engage state credit union regulators in future rule deliberations as well as consulting with members of Congress during the process.

Regulatory Burdens on Credit Unions

LSCU and our affiliate members continue to be very concerned that these cumulative burdens will place credit unions at a significant disadvantage competitively with other financial entities and reduce credit opportunities and the availability of other financial products and services to members. Since 2010, significant regulatory changes such as the Dodd-Frank Act have imposed ever increasing operating costs on all credit unions. If the NCUA's risk based capital proposal is implemented without substantial changes and without thoughtful consideration of the total impact of this reform on the credit union industry, it is not unreasonable to expect that many credit unions will be forced to refocus their attention on their business models and concentrate on the possibility of increasing fees, charges, earnings retention, and possibly charter considerations. This could significantly impair their ability to promote credit opportunity, steady growth and profitability. To avoid these possibilities, LSCU urges the NCUA to revisit the risk based capital proposal with an eye on the impact of risk based capital and other revised regulations on the ability of credit unions to provide financial products and services to consumers and businesses at this critical stage of the country's economic recovery.

Closing

The NCUA's proposed rules for addressing risk based capital levels will dramatically impact the amount of capital credit unions must ensure is available to meet adequacy requirements. The new required capital rules will, in our view, inevitably: (i)Reduce the amount of credit available for members seeking mortgage loans; (ii) Increase costs, including interest rate increases, for residential lending for all but the lowest-risk applicants with the lowest levels of borrowing; (iii) Penalize increased lending activity among credit unions in an effort to stay within their tier with regard to capital levels and they do so to the detriment of members seeking products and services; and (iv) Place credit unions at a competitive disadvantage because the skewed treatment of credit union requirements when placed alongside those of large regional and local community banks. We are convinced these are not the intended consequences the NCUA Board sought when this proposal was announced and we are just as hopeful the Board is open and willing to ensure the necessary revisions are considered and applied before adopting new rules that impact so many.

This is not a position that we have arrived at without thoughtful consideration as to how our recommendations and views will affect the Board's proposal and the credit unions we serve. We are also not alone in our view that the proposal, in its current form is bad for credit unions. As the agency is well aware, approximately 324 members of the U.S. House of Representatives have joined Reps. Peter King (R-N.Y.) and Gregory Meeks (D-N.Y.), both members of the House Financial Services Committee, in requesting NCUA make broad and sweeping revisions to the agency's proposed rule on risk-based capital for credit unions. In the letter to Chairman Matz, a letter that includes signatures from 173 Republicans and 151 Democrats including 49 of the 60 members of the Financial Services Committee, King and Meeks point out that "The risk weightings present include concentration-based weights which, at the higher levels, would be considerably higher than those applied under the Basel system for banks." The letter goes on to say "We are concerned that portions of the proposal could unnecessarily hinder credit union lending to homeowners and small businesses." Additionally, former U.S. Senate Banking Committee Chairman Alfonse D'Amato (R-NY) laid out his concerns on the proposal in a letter to the NCUA earlier this month and support for credit unions continues to build.

Congressional support on this issue has increased steadily as officials continue to weigh in. On Friday, Senator Bill Nelson (D-Fla.) voiced his concerns about the agency's proposal and its effect on credit unions' ability to serve their communities in a letter to National Credit Union Administration Chair Debbie Matz. "Credit unions have long played a critical role in serving communities without access to other affordable financial services, promoting thrift among their members and providing a low-cost source of credit," Nelson wrote, adding he was concerned that the proposed RBC rule "may impede these important goals." We agree.

Other representatives serving our members have gone on record as supporting a more reasonable and well-crafted rule, rather than the proposal released in January. In Alabama six of seven congressmen and in Florida twenty-two of twenty-six elected representatives have signed on to a letter urging NCUA Chair Matz to reconsider the proposal under review. It is clear that current and former Congressional leaders are troubled by the proposal in its current form and LSCU joins these leaders in urging NCUA Leadership to reconsider the proposal and make the necessary changes to ensure it is beneficial to our industry and its members.

Finally, the LSCU believes the process for developing this proposal was significantly flawed. The League recognizes the need for separation between the regulator and regulated entities. However, developing a proposal of this importance to the industry without seeking advice and counsel from the credit union system early on in the process has led to the current uproar from credit unions, trade associations as well as current and former members of Congress. A number of other agencies, including the CFPB, routinely employ an approach of reaching out to stakeholders with specific concepts they are contemplating for new proposals, prior to issuing a proposed rule. We respectfully request NCUA develop a similar approach in the future.

Thank you for the opportunity to comment on this important issue. We will continue to seek additional opportunities to discuss our recommendations and concerns about the proposal with NCUA officials, our elected representatives and our membership. In the meantime, if you have any questions about our comments, please feel free to contact me.

Sincerely,

Patrick La Pine, CCE, CUDE
President and Chief Executive Officer

cc: The Honorable Jeff Sessions

The Honorable Richard Shelby

The Honorable Bill Nelson

The Honorable Marco Rubio

Congressional Delegation of Alabama

Congressional Delegation of Florida