

From: [Sue Douglas](#)
To: [Regulatory Comments](#)
Subject: Comments to PCA: Risk Based Capital Proposal - 12 CFR Parts 700, 701, 702, 703, 713, 723 and 747
Date: Wednesday, April 02, 2014 3:33:41 PM

Gerard Poliquin, Secretary of the Board
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Comments emailed to regcomments@ncua.gov

Secretary Poliquin:

My family and I are members of a credit union. It is our only financial institution because it provides all the services my family and I need as consumers. For years, as an employee of a credit union, I have heard that credit unions need to be able to have alternative capital sources and that capital evaluations need to be based on the risk of the portfolio. I was excited to see that the NCUA had FINALLY issued a proposal for Risk-Based Capital. I was VERY DISTRESSED to review the proposal and appreciate this opportunity to express my thoughts regarding the proposal.

First - I believe in uniform standards across various types of financial institutions. All institutions are not equal and all do not have equal risk but the risk for the SAME products and investments are the SAME across different institution types. Therefore, all regulators should treat all institutions similarly for the same type products. Most other regulators (not NCUA) are adopting the core components of the Basel Accord to create this "sameness".

For example: Capital requirements on mortgages as a percentage of assets should be the same across institution types. NOT SO FOR THIS PROPOSAL. If a credit union has a portfolio of mortgages that exceeds 35% they will have to carry a 100% capital requirement whereas banks only have to carry 50%.

This INEQUITY does not appear logical or even make any sense. Are mortgage loans more risky because you borrow from a credit union versus a bank? Of course not - even the NCUA should be able to see that...if they stop and LOOK at how unfair that is to the consumer. As you know, the capital requirements limit the funds available for CUs to lend to members - having to hold more money in reserve will result in the need to have higher rates to off set the inability to make more loans. So consumers will turn towards banks for lower loan rates. MAKES NO SENSE.

Secondly - I believe NCUA has WRONG motives for this proposal.

(Although I can't figure out what these motives are.) I do not believe they are proposing this to IMPROVE or ENHANCE the credit union industry - on which their very existence is based. I do understand that for ALL federally insured credit unions (FICU), the sole UNIVERSAL purpose for NCUA's existence is to insure the "safety and soundness" of all FICUs in order to protect the National Credit Union Share Insurance Fund. (Granted they also charter, supervise and regulate FEDERALLY CHARTERED credit unions, but not STATE CHARERED credit unions.) As the NCUA has ALREADY proven by its track record with the Corporate fiasco of several years ago and other industry disasters (remember the NCUA's "oversight" of the safety and soundness of Teleisis?) I do not believe they have the expertise to "make up" these rules without looking at and incorporating what other financial regulators are doing. What is their motive to "go it alone?" Why do they insist that their way needs to be DIFFERENT from other financial regulators? I can't figure it out.

Thanks for allowing me an opportunity to comment.

Sue Douglas

A Concerned Credit Union Member

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