

April 14, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

Thank you for the opportunity to comment on RBC2.

I am President of Members First CU in Madison WI. Being a 20 million dollar credit union you may feel that I should not be concerned with RBC2, but I am. There are many areas which small credit unions need to partner with large credit unions to be able to provide necessary services to its members. I believe RBC2 penalizes credit unions in areas such as real estate lending, member business lending and CUSOs. These are the specific areas that small credit unions need to partner with the over 100 million dollar credit union. NCUA prefers small credit unions do not have 30 year fixed rate mortgages on our books. Many of us do not have the expertise to do member business lending. So in these areas we partner with the large credit unions so we can serve our members.

CUSOs are an important tool for credit unions that allow for innovation that small credit unions can't create alone. Investments in CUSOs are also an important part of a diverse earnings strategy that limits concentration risk from having fewer product lines. Diversifying credit union assets to CUSOs creates less concentration risk to the individual credit union and the share insurance fund. I believe that the 150% risk weight for investments in CUSO's is excessive and will limit the Credit Union System's future investment. While NCUA may view this as lowering risks related to CUSO, the added concentration risk for individual credit unions will increase as they try to force higher earnings within the credit union exclusively.

I feel the proposed plan for capital adequacy could create an additional compliance burden in addition to the ones we have now.

Much of the talk by NCUA during the GAC was about reducing regulation in the future. Is this rule really necessary? Given the credit union performance during the financial crises I feel this is not needed. Please show us that those were not just words spoken at the GAC that you are serious about reducing credit unions regulatory burden. Please do not implement RBC2.

Thank you for your consideration

Nick Kessenich

President Members First CU

Sincerely,

Nicholas Kessenich  
President  
Members First Credit Union

cc: CUNA, CCUL