April 15, 2015

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

Re: Risk Based Capital Proposal #2

Dear Mr. Poliquin:

This comment letter is regarding the second risk based capital proposal by the NCUA. First I wanted to commend the NCUA for listening to the outcry of the industry and reworking the first risk based capital proposal. Second, I propose that the NCUA again listen to the outcry of the industry, and recind this proposal completely.

The reasoning for this request is similar to many other commenters that this proposal is not needed. It goes beyond the mandate that NCUA believes it must act upon, in that it ignores the uniqueness of credit unions and instead focuses the regulation to be more bank like. By the NCUA's own estimates the cost of this proposal significantly outweighs it's benefits. Why spend millions of dollars if there are only 19 credit unions that fail it's parameters? Certainly there must be several less costly ways to address this issue.

The NCUA board seems polarized on this issue with one member even questioning the legality of the regulation and another member seemingly unwilling to consider anything less than issuing this regulation no matter what. This is bound to create legal challenges that will further increase the cost. Our members will be the ones who lose as they will end up paying the cost with little to no benefit.

Credit unions fared remarkably well through recent stormy economic times, and through it all, continuing to today, credit unions have served their members and pose no real threat that needs to be controlled by this proposed regulation.

Removing the interest rate risk (IRR) from this proposed regulation was crucial, but NCUA has stated that there will be further IRR regulation forthcoming. Please consider that there already are current regulations that address IRR adequately. Please do not add to the regulatory burden that already faces credit unions today.

This proposal will hold credit unions to a higher level of capital based upon numerous risk weightings and definitions. Unfortunately this proposal also allows the NCUA to hold credit unions to even higher levels of capital than even this regulation states. I strongly oppose these provisions of the regulation and request that they be removed. Credit Unions should be allowed to determine their own risk tolerance within the regulatory framework.

Lastly, NCUA has stated that it can't include supplemental capital in this regulation since current law doesn't permit supplemental capital. However, since credit unions are limited in their capital growth to simply increasing net income and decreasing assets, it makes sense that a capital regulation would include supplemental capital in the event that it becomes a legal possibility. This should be made a part of any capital regulation.

In summation, this is an unnecessary regulation, it is costly, burdensome, and lacking in the crucial area of acknowledging the differences between banks and credit unions. Even with this regulation NCUA reserves the right to further increase capital requirements for credit unions, and this regulation does nothing to help credit unions during these difficult economic times to better serve their members.

Sincerely,

Ken Bossung
President, C&CCU