From:	Missy Morrow
To:	_Regulatory Comments
Cc:	"Jim Phelps"; Suzanne Yashewski
Subject:	Allyson Morrow - Comments on Proposed Rule: Risk-Based Capital
Date:	Monday, April 20, 2015 4:42:28 PM

April 13, 2015

Mr. Gerard Poliquin
Secretary of the Board, NCUA
1775 Duke Street
Alexandria, Virginia 22314– 3428

Dear Mr. Poliquin,

Once again I find myself spending my time and effort to determine the necessity of implementing a Risk Based Capital Rule for credit unions.
We are located in deep South Texas and are a low income designated credit union. This means that we have very high lobby traffic with very low average share balance and do many micro loans. We operate in an environment that every penny we make is precious and we work hard to return everything that we can back to our members, while continuing to operate in a safe manner.

Just like you and I purchase insurance to protect ourselves against losses, that is why credit unions have a share insurance fund. When the financial market was falling apart around us, natural person credit unions remained strong, especially compared to the banks and the FDIC during that time period. With that being said, why would you want to make a perfectly sound system to copy a system that was faulty at best.
If we were to enter into an extreme financial crisis, is it realistic to expect to have a system that would cover every loss? What would it cost for us to implement and maintain that system, and at what expense to our members?

We do believe that there were many positive changes made from RBC1 to RBC2 and for those we are thankful. However, our ability to own and operate Cuso's, which helps us to keep our costs down by pooling our resources together for a service, is in jeopardy because of the fact that it is proposed that the risk weight for a Cuso be 150%. When you stop to think about that requirement, does it make sense to have more than 100% of your investment in a Cuso, in capital to cover it? What if your credit union offers mortgage servicing – 250% risk? If for years we have been trying to differentiate ourselves from banks, why are we trying to implement a risk based capital rule to be like theirs?

Can a "complex" credit union really be defined strictly by asset size? We are approximately 85 million and I don't consider my credit union to be complex, however by the definition in RBC2 – as soon as I hit 100 million, no matter what products and services I offer or don't offer or participate in, I will automatically be "complex". In my opinion that is a very simplified definition of complex, why not write the rule to really define complex?
I thought the purpose of NCUA was to help credit unions, increasing regulations and capital

requirements is not going to help my credit union.

When we are discussing capital adequacy, I would say most if not all credit unions understand the need for adequate capital, especially in the economic environment we find ourselves in today, but how can NCUA justify what they are requesting in RBC2? What studies have been done to determine the necessary capital level that is "safe"? Are you opening every complex credit union up to subjectivity from examiners because there are no hard guidelines for the definition of complex and "capital that is commensurate with its risks?"

I go back to my opening remarks in closing. Why are you doing this? What basis do you have for this change? We don't want to be like banks, we want to be like credit unions and our system has worked and will continue to work. If RBC2 passes as it is written, it will only complicate a world that is already way too complicated. I think a realistic plan would work, but I don't think enough research or thought has gone into the recommended changes.

Thank you for taking the time to read my email.

Sincerely,

Allyson "Missy" Morrow
CEO
Rio Grande Valley Credit Union

Missy Morrow

CEO/ President

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