April 22, 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,

NorthWest Plus Credit Union (NW Plus) appreciates the opportunity to submit comments to the National Credit Union Administration (NCUA) Board's request for comments on the NCUA's second proposed-risk based capital rule (RBC2). NW Plus is a community state charter credit union head quartered in Everett, WA with 17,063 members, assets totaling 160 million.

At first glance, RBC2 appears to represent an improvement over the original proposal NCUA issued last year, but it is still a solution to a problem that does not exist. Does NCUA have the authority to establish a risk-based capital standard for the purposes of determining whether a credit union is well-capitalized? NW Plus does not think so; NCUA has failed to satisfactorily demonstrate a compelling need for the proposal.

Chairman Matz noted in her December 2011 letter to the Governmental Accountability Office, "consumer credit unions performed very well during the worst financial crisis since the Great Depression and NCUA was highly successful overall in mitigating failures and losses for consumer credit unions." If this be true why propose a solution to a problem that did not happen. I hear repeatedly that NCUA is chasing the outliers, well go after them. It is not necessary to over regulate all for the small percentage of outliers. The financial crisis that began in 2007 exposed the U.S. financial system to a perfect laboratory test of the adequacy of capital requirements and prudent regulation. A comparison of the performance of the two deposit insurance systems in the U.S., the National Credit Union Share Insurance Fund (NCUSIF) and FDIC during and after the financial crisis demonstrates that the credit union capital regime was remarkably robust. The shortcomings of the FDIC were not revealed for the credit union system, and therefore no case for NCUA to adopt any of the recent initiatives launched by the FDIC.

Exempting RBC2 by asset size is a flawed as well. Raising the asset size from $50 million to $100 million does help by impacting fewer credit unions. NCUA should consider parity with FDIC, so why not use the same asset size the FDIC is using?

RBC2's risk weights remain too high in key areas, given credit unions' level of risk, and they should be at least equal to what the federal bank regulators require for assets such as mortgage loans. Lower risk weightings for credit unions are appropriate given their different incentives to manage risk as compared to banks. Specifically, current first lien residential mortgage loans over 35% of assets

would have a risk weight of 75%, actually higher than the 50% risk weight for banks. Current and non-junior real estate loans over 20% of assets would also have higher risk weights than provided for banks.

In summary, NW Plus echoes CUNA comment letter of April 17, 2015; please re-consider the implementation of RBC2. It is a solution to a problem that does not exist. Consumer credit unions were not the problem as stated by many in the financial community.

Sincerely,

Douglas Bennett
President/CEO
NW Plus CU

cc: CUNA, CCUL