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April 23, 2015

The Honorable Debbie Matz, Chairman
The Honorable Rick Metsger, Vice Chairman
The Honorable J. Mark McWatters

RE: Comment on Proposed Rule: Risk Based Capital

Greetings,

We are writing on behalf of Woodstone Credit Union. We represent over 11,000 Members and currently have over $97 million in assets. We understand that a significant amount of resource has been applied towards the process of measuring risk on the balance sheets of our not for profit cooperatives and we would like to thank the NCUA for being open to considering further changes to this Rule.

While we are open to a more comprehensive risk based capital design, *one that accurately identifies risks AND provides for the opportunity to generate capital through means other than retained earnings,* we believe that this proposal still falls short.

It appears that the movement towards this process is driven by the desire for power alignment with the banks. We believe that the facts stand for themselves. Banks had a rule, and lost more financial institutions during the recession than credit unions. We not only make decisions differently, but we are statutorily limited in the dollars that we hold on our balance sheets- for example commercial loans and investments. We would question the need for the rule at all. It appears that the measurements that we have in place provide the oversight needed for individual examiners to assess the risk and the internal talent's ability to appropriately manage the risk.

It has been said, that WE WILL HAVE A RULE, so moving forward with that premise, a big issue with RBC2 is that there are significant unknowns-the biggest being IRR and the ability to generate capital differently than done today. Without these components defined, this proposal leaves credit unions exposed to a system that inaccurately accounts for the risk in our balance sheets AND limits our access to tools to grow our organizations. We would suggest stopping the movement to RBC2 until the other 2 components have been addressed, then bring the full package forward for consideration.

While NCUA made a number of positive changes to the risk weighting; the risk weights for CUSO investments and mortgage servicing rights remains too high and could affect our ability to own and operate CUSO's in addition to holding mortgage servicing rights. Credit unions of all asset sizes need to rely upon their ability to partner through joint capitalization of CUSO's, in order to both reduce the cost of doing business and gain in the affordability of expertise-so that we can bring new products/services to members AND compete in a competitive marketplace. Risk weights of 150% for CUSO investments and (250%) for mortgage servicing assets remains too high.

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Additionally there is the issue of the definition of complex. Defining complex by size as opposed to balance sheet structure seems to negate any process of developing a true risk based capital program. Interestingly, it is anticipated that in the next couple of months we will grow to exceed $100,000,000 in assets while our balance sheet structure will have remained the same, however under RBC2 we will be considered complex. It is our opinion that the definition should focus on balance sheet structure, deposit account types, member services, and loan & investment types. This type of definition is more in line with the Federal Credit Union Act.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

Sue Streifel

Susan Streifel, CCE
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CFO