April 24, 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,

I am writing on behalf of Collins Community Credit Union (CCCU). We have approximately $847 million in assets and serve approximately 66,000 members in 38 counties in eastern and central Iowa. CCCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk Based Capital.

CCCU appreciates the improvements that the NCUA has made to the existing proposal; however, we have lingering concerns about the revised Risk-Based Capital Regulation proposal. We believe the proposal will have a negative impact to the majority of credit unions and impair our ability to serve our membership.

The proposed risk weightings still being considered for CUSO investments and mortgage servicing assets are too high when compared with the adjustments to the risk weightings of other categories. Many credit unions utilize CUSOs to join with others to pool resources, spread risk, and leverage abilities to maximize services to members served by the credit union. Placing a large burden with regard to risk weightings would effectively turn-off the ability of many credit unions to provide services that would be unavailable except for through a CUSO. The higher risk weighting would have the effect of limiting innovation within the industry. Additionally, the risk weighting for mortgage servicing assets remains too high. The ability of credit unions to sell a portion of their mortgage loans for purposes of managing interest rate risk or concentration risk while still maintaining contact with membership by retaining the servicing of the loans is effectively taken away due to the high risk weighting. The proposal takes away options for managing the credit union's balance sheet in an effective way that allows for keeping the existing relationship with the member.

A goal of the proposal is to make the RBC requirements for credit unions more comparable to bank RBC requirements, yet the proposal does not permit the use of supplemental capital beyond the existing opportunity for low-income designated credit unions. This does a disservice to all credit unions due to the lack of consistency and puts credit unions at a disadvantage to banks in regard to the RBC comparison. Allowing well-run, strong-performing credit unions to opportunity to use supplemental capital would leverage their ability to service existing and potential members, as well as further strengthening the financial condition of the credit union so that it is even less likely to be burden on the insurance fund.

The language related to capital adequacy which would require a credit union to hold capital commensurate with its risks, “notwithstanding the requirements” of RBC2 and PCA net worth requirements is distressing. The non-specific nature of how this could be applied leaves the door open to wide interpretation and inconsistent application from region to region and credit union to credit union. This would potentially allow examiners to continually demand additional capital when all other requirements have been exceeded. The ability of credit unions to set goals, budget, and strategize about how to reach specific capital targets would effectively fall under the purview of the examiners and greatly inhibit the ability of the credit union to complete long-term planning without input from examiners. This would have a chilling effect on strategic planning that would not bode well for our membership as the ability to take risks with new initiatives would be subject to review by examiners.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements. We urge the NCUA to reconsider the proposed components of the rule that disproportionately impact well-run credit unions and encourage them to make decisions that are contrary to sound risk-based practices. Credit unions are here to serve our membership. Do not take away the ability of well-run credit unions to innovate and take calculated risks to serve our membership as well or better than other financial institutions.

Sincerely,

Richard J. Benhart, President/CEO

Stefanie Rupert, EVP/COO

Ben Wickum, Finance Director

Sincerely,

Ben Wickum
Director-Finance
Collins Community Credit Union

cc: CUNA, CCUL