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ALL TOGETHER NOW.

April 27, 2015

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Notice of Proposed Rulemaking – Risk Based Capital – Second Proposal

Dear Mr. Poliquin:

On behalf of Verve, a Credit Union, I am writing in response to the National Credit Union Administration's second Notice of Proposed Rulemaking on Risk Based Capital. Our credit union holds \$600 Million in assets and serves over 44,000 members in fifteen counties in Wisconsin. Verve, a Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on this proposed rule.

We believe this proposed rule to be an unnecessary approach to solving a capital adequacy issue within the credit union industry that simply doesn't exist. Natural person credit unions fared well during and after the last financial crisis. They continued to perform well despite the added burden of paying special National Credit Union Share Insurance Fund premiums and Temporary Corporate Credit Union Stabilization Fund assessments.

The NCUA has failed to reasonably substantiate why a new rule is needed let alone how such a rule could strengthen the industry and protect the National Credit Union Share Insurance Fund. We feel that the NCUA has sufficient authority to effectively regulate credit unions within the current regulatory framework. Perhaps what is first needed is a restructured risk-based examination process.

At the same time, we are not completely opposed to capital requirements that reflect the risk level of assets of a credit union. However, we firmly believe that these requirements should be based on reasonable risk weighting of assets, that they provide clearly defined capital levels not subject to individual examiner interpretation, and are implemented and enforced consistently across the industry.

In the event that the proposed rule is not withdrawn completely, we ask that the NCUA give serious consideration to further improvements. In looking at the scope of the proposed rule, we don't believe that an arbitrary qualifier such as asset size is sufficient. Asset size does not necessarily correlate to complexity and inherent risk.

The 10% risk-based capital requirement should be eliminated until the NCUA can draft a proposed rule allowing for credit union access to supplemental sources of capital. Anything short of that unnecessarily impedes credit unions' ability to grow and effectively compete in the marketplace.

With regard to RBC ratio numerator, it should include credit unions' NCUSIF capitalization deposit. It should also include an expanded definition of goodwill that can be counted beyond that given specifically to supervisory mergers. Lastly, credit unions should be given the ability to obtain supplemental capital and have it counted within the ratio numerator.

Risk weightings assigned to certain components should be adjusted further. The higher risk-weights assigned to residential first mortgages and junior liens should be eliminated if not reduced. Failure to do so would again place credit unions at a competitive disadvantage to other financial institutions. Given the current investment limitations in Credit Union Service Organizations (CUSOs), a risk-weighting above 100% is unjustified. In addition, the recommended risk weighting of 150% gives no consideration as to the type of services provided by the CUSO. The type of services offered by CUSOs and their associated risks vary widely and should be factored in to assigned risk weightings.

We also question NCUA's evaluation of the unintended consequences of this proposed rule. Has it considered the new risks that might result from added restrictions? Will credit unions seek to stay competitive by engaging in new, more risky lending or investing?

To conclude, we support regulation that allows us to continue offering value to our membership by providing competitively-priced products and services and that allows us to give back to the communities we serve. Thank you for the opportunity to provide comments on this proposed rule and for your serious consideration of our viewpoints.

Sincerely,

David L. Mann
Chief Financial Officer
Verve, a Credit Union