

April 24, 2015

Gerald Poliquin, Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandra, VA 22134-3428

Re: Revised Risk Based Capital Proposal

Dear Mr. Poliquin:

Although we are appreciative that the NCUA listened to the overwhelming amount of comments during the first comment period on the new Risk Based Capital proposal, we are disappointed that the revised proposal does not go far enough to fix flaws in the proposed regulation.

We agree with the sentiments of Dave Koch of Farin and Associates when he says:

“What the RBC proposal is actually about is raising the deductible on the NCUSIF to protect against future potential losses due to risk taking. The concept of risk based capital itself recognizes need for institutions to in fact, take risk. The definition of risk asset classes says that not all instruments carry the same exposures to market conditions. Boards and management are required to have the risk management skills, systems and controls to manage their unique balance sheet exposures.”

The estimates of the amount of additional capital that will be needed for the proposed requirements are staggering. We feel that in many situations this new capital will ultimately come at the expense of credit union members through lower savings rates, higher loan rates or possibly higher fees.

Credit unions – and the banking sector as a whole – already face an increasing movement to homogenized product and service offerings due to the amount of regulation already in place. One of the few remaining ways to truly differentiate ourselves as the provider of financial services is to properly weigh risks and returns of product and service offerings and then offer those that pass scrutiny to our members. The proposed rule punishes credit unions that accomplish this task effectively.

We ask that further changes are made to the proposed rule that keep our hands from being tied in the marketplace in regards to serving our member’s needs.

Sincerely,



Brad A. Scheidt
Vice President, Chief Financial Officer