

April 24, 2015

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

Re: Comment to the Second Proposed Prompt Corrective Action –
Risk-Based Capital Regulation (RBC) Regulation.

Dear Mr. Poliquin:

CUProdigy LLC, is a CUSO that provides core processing software, support, and IT services only to credit unions. We have been involved in the industry providing services and value to our credit unions for over 24 years now. On behalf of CUProdigy, and our owners, I submit the following as our official comment regarding NCUA's amended risk-based capital rule.

First of all, we applaud the NCUA for taking listening to the many comments made to the original proposal and taking the time to rework this proposal, and to have a second comment period. This is an important step to sound rulemaking for a regulation that has such a huge potential impact on the industry. We still agree, in general, that there may be a need for risk-based capital standards. But caution must be used to ensure that this rule has the proper effect for what the intention is.

There are several significant problems with the second proposed rule that need to be addressed and encourage the NCUA to properly weigh and address these issues.

The first issue is still that additional capital requirements will be very limiting to credit unions growth and expansion to serve their members as long as there is the limitation of only being able to increase capital through net income. Additional capital restraints will only compound the existing problem that puts credit unions at a disadvantage to any other business that can add capital through various means to meet their needs. There must be better parity in this area if credit unions are going to face stricter capital standards.

We also still concerned about the implementation time-line. As stated earlier, with the only method to increase capital being net earnings, it takes several years to significantly build capital levels without drastically reducing member services. Therefore, we suggest an implementation time frame of at least 3 years form the rule finalization.

Our greatest concern is the Risk weighting factors. We still have not seen sufficient evidence from the NCUA that these weights are really justified. A declaration that there are systemic risks from certain factors or products is a generalization that must be supported by the data, particularly as doing so will have a negative impact on whole industries targeted.

In particular, CUSO investment weight illustrates the agency's continued lack of understanding of the value that CUSO's bring to the industry in both net earnings and in reduction of risk factors. There is simply no data to substantiate any systemic risk from CUSO's. Problems cited by the NCUA to date, are simply overstated in justifying any systemic problem.

CUSO's, for the most part, operate soundly and have saved credit unions millions of dollars, which savings have helped credit unions grow their reserves.

CUSO's, although obviously seen by the NCUA as a greater risk to credit unions, actually reduce the credit unions risk and exposure in 3rd party relationships. If this rule is allowed to pass with this weighting in place, then you are penalizing credit unions for doing business with a CUSO, and potentially limiting a tool that has brought great benefit and savings to credit unions.

It also ignores the greater risk when a credit union chooses a non-CUSO vendor for a 3rd party relationship. NCUA has not authority at all over these relationships, and they often provide very little transparency for their ownership or stability. CUSO's on the other hand offer ownership opportunities where the owners have full transparency, and share that with the other users of the CUSO.

NCUA needs to understand and remember the inherent benefit of CUSO's:

- Often providing better products and services than from non CUSO vendors
- Greater control and transparency of the business operations
- Lower costs for products and services
- Profits stay in the Credit Union Industry (returned to members)

There is no rational basis for penalizing credit unions for choosing an option with these benefits.

Please continue to listen to the comments and concerns of the industry as this regulation has the potential for great harm to the industry if it is not done correctly. The responsibility is in your hands to make sure that the 'cure' is not worse than the 'illness'. We strongly urge the NCUA to carefully make adjustments to ensure this rule truly creates better safety and soundness for the credit unions.

Sincerely,



Charlie Fulks, CEO

cc. Deborah Matz, Chairman
Mark McWatters, Board Member
Richard Metsger, Board Member