

**Services Center Federal Credit Union**  
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**David J. Wright, CEO**  
April 23, 2015

National Credit Union Administration  
Attention: Mr. Gerard Poliquin  
Secretary of the Board  
1776 Duke Street  
Alexandria, VA 22314-3428

RE: Risk Based Capital II

Dear Mr. Poliquin

It is hard to imagine any NCUA proposed changes that have sparked more comment than RBC I and now RBC II.

And what I find perhaps the most interesting is the comments coming from NCUA Board Member J. Mark McWatters. I believe that anything that touches credit unions to the degree that RBC does should have unanimous approval by the NCUA Board. It should be noted that Board Member McWatters isn't complaining about the placement of a comma in RBC II. His complaints go to the very heart of the proposal. And the legal opinion obtained by NCUA and in effect paid for by credit unions on this matter does more to incite the problem than it does to placate the problem.

There are two parts of RBC II that disturb me.

One is the treatment of CUSO investments. I would concede that there are some CUSO investments that are risky, but likewise there are many other CUSO investments that contribute to the health and well-being of individual credit unions as well as the credit union industry as a whole. Lumping all CUSO investments into the a single category is simply not right and definitely not indicative of the risk related to owning these CUSO investments.

The second part of RBC II that concerns me is that no one really knows the full effect of the implementation of this proposal. Oh there are many out there that are making forecasts, but it has also been stated that numerous changes are going to be made to the 5300 to gather data that will be used to implement RBC II.

Let's talk about a few examples. RBC has a classification for "secured loans". So Services Center FCU makes a loan to a member for a new car and loans the member 100% of the cost of the car. The instant the car is driven off the lot the

security for the loan is less than the loan balance. Is this loan still a "secured" loan? Are credit unions going to be forced to constantly update the status of "secured" loans? At what point will a secured loan become a signature loan? 90% secured? 80% secured? 70% secured? And who will decide what the value of the security is? Are we going to use retail value? Are we going to use loan value? Are we going to use some other appraised value? I think these questions have to be answered BEFORE RBC II is put into effect.

At least with RBC I we could tell exactly where we were going to be. With RBC II it is a guess as to where we are going to be.

With something as important as the capital of this Credit Union, I have no desire to guess. I want hard and fast facts and I want them BEFORE this proposal becomes a regulation.

Sincerely

A handwritten signature in cursive script that reads "David J. Wright". The signature is written in dark ink and is positioned below the word "Sincerely".

David J. Wright  
Chief Executive Officer