

**From:** [Ross Mueller](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comment  
**Date:** Monday, April 27, 2015 4:12:16 PM  
**Attachments:** [Verve With Mgt Logo.png](#)

---

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

Re. Comment to Proposed Prompt Corrective Action: Risk Based Capital Rule  
RIN 3133-AD77

Dear Mr. Poliquin:

I am an employee of Verve, a Credit Union, which serves fifteen counties in Wisconsin. We have over 47,000 Members and approximately \$600 Million in assets.

As an employee and a member of a credit union, I strongly object to the revised Risk Based Capital Rule proposal. While I appreciate the changes made by NCUA to the first RBC proposal, and the willingness of the NCUA to listen to its members, I still feel that the RBC proposal is flawed for the following reasons:

1. Capital rules like the one proposed by NCUA do not have a track records of success, but yet they add to the cost of credit union operations and represent another set of rules that credit unions need to follow.
2. The credit union industry has weathered the worst financial crisis in decades remarkably well. This is due to the way that credit unions have historically done business. Credit unions, by their nature, tend to be fairly conservative and driven by being good stewards of members' money. This leads to generally conservative lending practices and less risky asset portfolios than is typical in profit-driven financial institutions. As a result, the proposed rule seems like a fairly draconian solution to a problem that does not truly exist and does not properly take into account a credit union's not-for-profit, member-owned cooperative status. Credit unions are not for-profit banks and should not be treated as such.
3. Individual credit unions assess capital adequacy using factors that impact them locally, but those vary and they can change rapidly. Credit risk is a function of underwriting, the economy, loan portfolio diversity, institutional structure, business strategy, profitability demands, time horizons, performance-monitoring capacity, funding stability and other factors. NCUA's revised RBC rule ignores these local, individual factors in favor of a one-size-fits-all risk-weighting.
4. Lastly, should the NCUA proceed with this proposed rule in its current or a similar form, a much longer timeline for implementation would be in order. This would allow credit unions to rebalance portfolios and implement new, long-term strategies that will allow them to be successful under the new regime. While extending the original proposal till January 1, 2019 was a welcomed step, pushing the implementation back another two

years would allow additional time for implementation, testing and adjusting to a new set of rules.

Thank you for the opportunity to comment on this proposed rule and for considering my views on risk based capital requirements.

Verve, a Credit Union



**Ross Mueller, CFP®**

Wealth Advisor|

[Ross.Mueller@LPL.com](mailto:Ross.Mueller@LPL.com) | (p) 920.230.3054 | (f) 920.235.0229



[lpl.com/LPLVerve](http://lpl.com/LPLVerve)

2900 Universal Street  
P.O. Box 3046  
Oshkosh, WI 54903

Advisory services offered through LPL Financial, a Registered Investment Advisor. Member FINRA/SIPC.

Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. The investment products sold through LPL Financial are not insured Verve, a Credit Union, deposits and are not NCUA Insured. These products are not obligations of Verve, a Credit Union, and are not endorsed, recommended or guaranteed by Verve, a Credit Union, or any government agency. The value of the investment may fluctuate, the return on the investment is not guaranteed, and loss of principal is possible.

The information contained in this email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.