April 27, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

There are many diverse credit unions throughout the United States offering a wide variety of products and services because our members demand these services. Credit unions are non-profit cooperative financial institutions chartered to help our members. Credit unions are not significant risk takers. The proposed Risk Based Capital rule is entirely too complex and burdensome for many credit unions to implement. The costs to credit unions will be significant as a result of the additional time and effort required to comply with the reporting requirements. These costs to comply with the rule will be significant to all credit unions; however, smaller credit unions will feel the pain even more so.

It appears to me that NCUA is exceeding it bounds with this ruling. Instead of punishing all credit unions with this burdensome rule, the NCUA should look more closely at those credit unions who are taking on undue risk. Don’t punish everyone, only punish those who need to be punished. The NCUA already has sufficient supervisory powers and enforcement capabilities to regulate credit unions.

An arbitrary decision to mandate this rule to all credit union over $100 million makes no sense. My credit union is hovering around the $100 million level, therefore, this ruling will have adverse effects on our organization, and bring on undo expenses for the members.

We believe there is no need for this new rule. The data shows that only 19 credit unions are not well capitalized under this proposed rule. All other credit unions are capitalized at 10% RBC or more. If this is the case, what purpose does this rule serve?

As to the proposed rule, there are several areas that must be addressed prior to the rule being implemented. They are:

1. Dropping the new proposed capital adequacy provisions, which are beyond net worth and risk-based capital ratio requirements;

2. Reduction of a number of the risk weights;

3. Identifying "complex" credit unions on more than asset size, and the definition should only apply to credit unions of at least $500 million in assets;

4. Expansion of the conditions under which goodwill could be included in the risk-based capital ratio;

5. Minimizing the burden of expanding the call report for purposes of RBC2;

6. Allowing credit unions to use supplemental capital in meeting risk-based capital requirements; and

7. Delaying implementation of the RBC rule until 2021, to coincide with expected refunds from the Corporate Stabilization Fund.

In summary, this rule is excessive. It will limit my credit union’s ability to serve our members. Credit unions are not for profit, but for service, and this rule will affect the services credit unions provide. Taking away funds and personnel to provide member services in order to implement a burdensome and unnecessary rule is not what the credit union movement is about. As such, a much closer look at this rule is necessary prior to any form of implementation.

Sincerely,

Samuel Glesner
Chief Executive Officer
Cornerstone FCU

cc: CUNA, CCUL