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| **From:** | Sharon Knauer |
| **To:** | _Regulatory Comments |
| **Subject:** | Comments on Capital Adequacy –Risk Based Capital Proposed Rule |
| **Date:** | Monday, April 27, 2015 11:51:14 AM |
| **Attachments:** | image001.png<br>image002.png<br>image003.png<br>image004.png<br>image005.png<br>image006.png |

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April 27, 2015

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

RE: Comments on Capital Adequacy –Risk Based Capital Proposed Rule

Dear Mr. Poliquin:

On behalf of Grow Financial Federal Credit Union, I am writing to express our opposition regarding the second risk-based capital proposal. Even though Grow Financial far exceeds the minimum thresholds, in our opinion the proposed rule goes too far in treating credit unions like banks — ignoring the importance of the credit union difference as a cooperative, not-for-profit, and member owned institution.

Mr. Thomas Hoenig, Vice Chairman of the FDIC stated in public speeches, *"that all of the BASEL capital accords look backward and then attempt to assign weights into the future."* Mr. Hoenig went on to comment *"that it doesn't work for banks."* If that is the case, then we question why NCUA feels it would work for credit unions?

We agree with Jim Nussle, CEO of CUNA, comments' addressed to NCUA:

- We hold firm to our view that NCUA does not have the legal authority to impose a two-tiered RBC system.
- The strong performance of credit unions and the NCUSIF during and after the financial crisis demonstrates there is no need for a major overhaul of your capital requirements, and we can't find any evidence that had RBC2 been in place before the crisis that it would have reduced NCUSIF losses in any noticeable way.
- We therefore are requesting that the rule be withdrawn, but in the event it isn't we suggest a number of changes and further improvements.
- The new proposed capital adequacy provisions, beyond net worth and RBC ratio requirements, should be dropped.
- A number of the risk weights should be lowered.
- The identification of "complex" credit unions should be based on something more than simply asset size, and should be limited to credit unions of at least $500 million in assets.
- The conditions under which goodwill could be included in the RBC ratio should be expanded.

- NCUA should minimize the burden on credit unions of expanding the Call Report for purposes of RBC2.
- NCUA should allow credit unions to use supplemental capital in meeting RBC requirements.
- A separate interest rate risk rule is NOT necessary.

Thank you for providing the opportunity for credit unions to comment on this important proposal.

Sincerely,

Robert L. Fisher
CEO/President

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grow financial
federal credit union

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