



April 24, 2015

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

RE: Comments on NCUA Proposed 2015 Risk Based Capital Rule (RBC2)

Dear Mr. Poliquin,

I am Steve Tonneson, President of Prairie Federal Credit Union in Minot, ND and I would like to thank you for the opportunity to provide comments on the 2015 proposed Risk Based Capital Rule (RBC2). Prairie Federal Credit Union is a Community Chartered Credit Union serving 6 counties in north central North Dakota.

First of all I would like to thank the NCUA Board for positively responding to the many concerns that credit unions expressed over the first Risk Based Capital Rule that was proposed last year. Many positive changes have been made to RBC2. That being said there are still several things I have concerns about.

- It is my understanding that RBC2 will affect less than 20 credit unions in our country. If that is the case than I do not feel RBC2 is even necessary. I have heard it said that RBC2 is "a solution in search of a problem" and I have to agree with this statement. If there are credit unions that are of concern to NCUA I feel they should be dealt with through the examination process, not by a new regulation that will affect other credit unions.
- The risk weights in RBC2 are better, but I still feel the 150% in CUSO investments, 250% on mortgage servicing assets, 75% on first lien residential RE loans over 35% of assets, 150% on junior liens RE loans over 20% of assets, 150% on non-current junior RE loans and 20% on share-secured loans are still too high.

- The change in the definition of a complex CU going from \$50 million to \$100 million was a nice start, but it still is too low. If this regulation is only going to affect less than 20 of the largest CUs than why isn't this threshold set at \$500 million or higher? Just because a CU goes from \$99 million in assets to \$101 million in assets does necessarily mean that it is now a "complex CU". If the Board insists that RBC2 has to be implemented, at least make this change to target the CUs that are causing the real concerns.
- I agree that Interest Rate Risk should be left out of RBC2, but I also feel it should not be included in future rulemaking either.
- If a credit union's written strategic capital plan makes sense it should not be subject to examination or supervision unless NCUA feels it will put the Share Insurance Fund at risk.
- As NCUA continues to work on Supplemental Capital for CUs, NCUA should authorize its positive use in RBC2.

Thank you for the opportunity to share my thoughts.

Sincerely,

A handwritten signature in blue ink that reads "Steve Tonneson". The signature is written in a cursive, flowing style.

Steve Tonneson
President