

From: [Jon Hulett](#)
To: [Regulatory Comments](#)
Subject: Risk-Based Capital Comment
Date: Wednesday, February 04, 2015 11:15:53 AM

To: Regulatory Comments
From: Jon Hulett
Xtend, Inc.

02/04/2015

Dear Mr. Poliquin:

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I believe the revised RBC rule penalizes credit unions for specific activities such as real estate lending, member business lending, and credit unions chartered to assist the un-bankable by placing a capital tax on the resulting assets of low income or poor credit lending. We believe the end result will be thousands of homogenous balance sheets in 2025 that you can easily understand from a supervisory perspective. However, this current risk posture of the NCUA cannot fail but to lead credit unions to shy away from diversity or cooperative reason for the charter and field of membership. The end result of this rule will ultimately force credit unions into potential areas of investment and lending that the credit union lacks experience with or create industry wide concentrations that could be impacted by similar economic variables. In and of itself, this rule creates more risk than it proposes to control.

As mentioned by the Hon J. Mark McWatters, the NCUA cannot just "piggyback" on to the FDIC unless they have the authority from Congress to do so. The plain language of the statute contradicts the NCUA's interpretation. After all, if the NCUA was to be given the same PCA authority as the FDIC, Congress could have done exactly that. The clear intent of Congress was to create a separate system for our industry, and the NCUA must operate within those confines.

We must stop the debate about the nuances of the rule and convince the NCUA, after outlining the substantial objections, that the modeling approach needs to be tested and tried in the examination process as a tool and then the results shared with the industry before suggesting that a model be embedded in a law.



Jon Hulett
Xtend, Inc.