

## Regulatory Comments

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**From:** Andrea Underhill <no-reply@cuanswers.com>  
**Sent:** Friday, February 27, 2015 2:08 PM  
**To:** \_Regulatory Comments  
**Subject:** Risk-Based Capital Comment

To: Regulatory Comments  
From: Andrea Underhill  
CU\*Answers

02/27/2015

Dear Mr. Poliquin:

As pointed out in the Hon. J. Mark McWatters' dissent, the NCUA has pivoted away from its own long-standing interpretation of Section 216(d) of the Federal Credit Union Act. In 2007, the NCUA asked Congress to amend the regulation because you said the NCUA needed additional authority to create a two-tiered Risk Based Capital test. Can you explain why you suddenly believe the NCUA has the authority to do so, when your past practice has been the exact opposite?

The NCUA is straining hard to justify its legal interpretation of a Rule that has significant practical problems. The \$100,000 asset size cut off is arbitrary. The risk weighting is arbitrary. Adherence to this rule could cause credit unions to build up concentrations in assets that turn out to be risky. Why doesn't the NCUA allow for a rule that allows for supplemental capital, which would likely be far greater benefit to the industry and greatly reduce the risk to the Share Insurance Fund? Finally, why should the industry accept RBC when it suffers from these problems and may very well be an overextension of the NCUA's authority in any event?

A handwritten signature in black ink that reads "Andrea Underhill". The signature is written in a cursive, somewhat stylized font.

Andrea Underhill  
CU\*Answers