

Regulatory Comments

From: Joe Parish <no-reply@cuanswers.com>
Sent: Friday, February 27, 2015 3:09 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Joe Parish
CU*Answers

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Dear Mr. Poliquin:

Our credit union leadership team feels that while there is no question the NCUA did make changes in the RBC rule with respect to such items as the definition of “complex” credit unions, eliminating IRR, and extending the implementation timeframe, the impact to the industry if RBC2 is passed remains highly suspect and likely detrimental. Although the proposal was 450 pages, far too many were reviews of the comments and the NCUA’s rebuttal or disregard of them. In a vacuum, the changes accepted by the NCUA would appear good but in fact are designed to draw credit union leadership away from impact of the rule as a whole. We believe that the RBC rule will increase costs to members, expand the right of the NCUA to interfere in the governance of credit unions through Prompt Corrective Action (“PCA”), and threaten the financial stability of the industry long term.

I would like to recommend that the NCUA truly believes that this rule will uncover the outliers and those credit unions that should operate with higher levels of capital than make this rule a test similar to those currently being performed like the 17/4. The OCC has numerous ratios and tests which they perform based upon call report information such as the canary ratios. These ratios are designed to uncover outliers and direct supervision in these areas to review.



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