TEAM ONE CREDIT UNION

March 17, 2015

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

MAR24'15 AM11:08 BOARD

Re: Comment to the Second Proposed Prompt Corrective Action – Risk-Based Capital (RBC) Regulation

Dear Mr. Poliquin:

Please be advised that Team One Credit Union is providing the following official comment letter regarding the NCUA's recently proposed Risk-Based Capital rule.

While we acknowledge and appreciate many improvements in the risk weights from the original RBC proposal, including reducing the risk weighting on wholly owned CUSOs to 100%, we remain concerned with a 150% risk weighting on CUSOs that are owned by several credit unions. The CUSOs that are owned by more than one credit union are providing much needed economies of scale, helping to obtain levels of expertise that any individual credit union could not afford or obtain on their own, while helping to share/spread risk and lower costs. Assigning an unjustifiably high risk weighting to these multi-credit union owned CUSOs, which are important collaborative tools for our industry, is not reflective of the actual systemic risk CUSOs pose. Overall, based on the 2014 data, federally insured credit unions in total have only 17 basis points of their assets invested in CUSOs, and this number *includes* the fully consolidated CUSO investments! Clearly CUSO investment is not a systemic risk to the NCUSIF.

NCUA's 150% risk weight on CUSOs that are owned by several credit unions also applies to the accumulated and undistributed earnings of these CUSOs under GAAP, which we feel is inappropriate. By utilizing this approach, NCUA is requiring credit unions to set aside additional capital, beyond what they initially invested, to cover retained earnings to support future growth of these CUSOs. We recommend that IF NCUA doesn't reduce the CUSO risk weight to 100%, that only the initial cash investment by a credit union be risk weighted, not the appreciation in that investment over time.

Presently we are owners or part owners of 4 CUSO' s that generate much needed services to other credit unions thereby offering them income from interest on loans, non-interest income, servicing income as well as a potential for increased membership. By providing these services we are also helping to maintain the credit union system and keeping the credit unions viable as well as giving us visibility and representation with lawmakers with our respective board members.

We also feel that there is unjustified reasoning behind raising the well capitalized requirement in RBC 300 basis points above the statutory requirement of 7%.

As a matter of policy, NCUA should be encouraging collaborative CUSO investment, not discouraging it with an unjustifiable 150% risk weighting. We encourage the NCUA to reduce the CUSO risk weighting to 100% for all CUSO investments.

Thank you for the opportunity to comment on this important proposed regulation, one that will have a significant impact on the credit union movement for generations to come.

Very truly yours,

Gerald Hutto
President/CEO

cc: The Honorable Debbie Matz, Chairman
The Honorable Rick Metsger, Vice Chairman
The Honorable Mark McWatters, Board Member