_Regulatory Comments

From: Robert Holmes <no-reply@cuanswers.com>
Sent: Monday, March 23, 2015 8:57 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Robert Holmes
Chartway Federal Credit Union

03/23/2015

Dear Mr. Poliquin:

Our credit union’s board of directors believes this rule is too restrictive. Many of the failures this proposed rule is trying to mitigate do not consider the real reasons for the losses during the great recession. As was shown during the board meeting and in the proposal, over 40% of failures were the result of fraud; all of us have followed the St. Paul Croatian’s fraud loss dilemma, which cost the insurance fund $170 million dollars to date. The Economic policy had nothing to do with many of these losses, regardless of the shape of credit unions’ balance sheets. On the other hand, my credit union accounted for goodwill on the balance sheet and, rather than requiring significant infusion from the NCUIF to acquire a troubled credit union, used goodwill as an item of value. So while others have been fraudulent in their business, we have been responsible regarding the NCUIF. The proposed rule should "grandfather" credit unions that have included goodwill on their boo ks, since it has been used in the past and was sanctioned by NCUA and not impose the 10 year limit. The idea that passing a rule—a seemingly typical government reaction—can stop fraud, eliminate mismanagement and prevent external circumstances from decimating credit union's market environment seems to overlook the fact that most credit union organizations do a really good job of serving their members and complying with all current regulatory controls. Effective supervision is not rule making, it is intelligent supervision and patient reorganization when problems arise. This is what should be present in the regulatory community today.

Robert Holmes
Chartway Federal Credit Union