

# TINKER FEDERAL CREDIT UNION

March 27, 2015

Mr. Gerard Poliquin  
Secretary, NCUA Board  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: TFCU Comments to NCUA's Risk-Based Capital Proposed Rule

On behalf of Tinker Federal Credit Union (TFCU), I am writing to you regarding the NCUA's proposed rule governing risk-based capital (RBC). TFCU appreciates the opportunity to provide comments on this important regulatory proposal.

Since the Federal Credit Union Act only allows for a single tier net worth requirement, I agree with Board Member J. Mark McWaters that the NCUA lacks the authority to issue a two-tiered risk-based capital rule. In addition, year-end data clearly proves there is no capital problem or shortfall in the credit union system. It appears this rule is a solution looking for a problem. Unfortunately, the proposed cost to implement these rules is shockingly high given how extremely well-capitalized the credit union industry is today. The proposal is an inappropriate use of credit union resources to address concerns about a few credit unions.

I also have many concerns about how the NCUA defines "complex" credit unions. The definition of "complex" should actually consider a credit union's portfolios of assets and liabilities rather than an arbitrary asset size. I work at a large credit union but we are not complex. Also, the 150% risk-weight for investment in CUSOs is inappropriate because it does not reflect the actual risk of investing in CUSOs. CUSO investments should be weighed at 100%.

Giving mortgage loan servicing assets a 250% risk weighing is artificially high and excessive. The risk weights for Mortgage Servicing Assets should be no more than 150%. If the NCUA incorporated recourse into the equation, then it would allow a lower weight of 100% if the loans were sold without recourse but are still serviced.

150% for corporate paid-in capital is too high. Paid-in capital would be more appropriately weighted at 125% to recognize that the corporate credit union structure is now a less risky asset than it was during the crisis. A weight that reflects the actual risk for paid-in capital would benefit natural person credit unions, corporate credit unions and the share insurance fund.

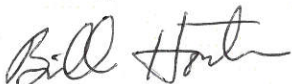
Supplemental capital authority is needed now more than ever considering the restrictions brought on by this proposal. NCUA should call on Congress to pass a legislative solution that modernizes capital standards to allow supplemental capital.

Goodwill should be added back into the numerator for the risk-based capital ratio. Removing goodwill will negatively affect credit unions that have had recent mergers. It will also present a disincentive for healthy credit unions to become a merger partner for troubled or failing credit unions because of the possible significant negative effect to their risk-based net-worth ratio.

The NCUA has indicated that it is currently considering an alternative approach to reviewing Interest Rate Risk (IRR) and has requested advance comments on alternative approaches. To better control IRR, the NCUA should continue to apply industry accepted methods as part of a competent supervision and examination process. The NCUA already has a number of requirements and guidance regarding IRR that credit unions must currently comply with. This includes an IRR final rule and a letter to credit unions (12-CU-05). It is also the main subject of the most recent NCUA Supervisory Focus (14-CU-01). If NCUA were to expand on the rulemaking for IRR, the agency would hold credit unions to significantly different standards than banks. NCUA's current supervisory and examination mechanisms provide the agency the appropriate ability to control IRR at individual credit unions.

Thank you for opportunity to comment. The concerns highlighted above impact the credit union industry and our ability to serve our members. We respectfully urge the NCUA to consider the recommendations for improvement noted above.

Sincerely,



Billie Houston  
EVP/Chief Financial Officer

cc:

Sen. James Lankford  
B40C Dirksen Senate Office Bldg.  
Washington, DC 20510

Sen. James Inhofe  
205 Russell Senate Office Bldg.  
Washington, DC 20510

Rep. Jim Bridenstine  
216 Cannon House Office Bldg.  
Washington, DC 20510

Rep. Tom Cole  
2467 Rayburn House Office Bldg.  
Washington, DC 20515

Rep. Steve Russell  
128 Cannon House Office Bldg.  
Washington, DC 20515

Rep. Frank Lucas  
2405 Rayburn House Office Bldg.  
Washington, DC 20515

Rep. Markwayne Mullin  
1113 Longworth House Office Bldg.  
Washington, DC 20515