

Regulatory Comments

From: Dennis Krafft <no-reply@cuanswers.com>
Sent: Tuesday, April 07, 2015 8:06 AM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Dennis Krafft
Frankenmuth Credit Union

04/07/2015

Dear Mr. Poliquin:

I believe the revised RBC rule penalizes credit unions for specific activities such as real estate lending, member business lending, and credit unions chartered to assist the un-bankable by placing a capital tax on the resulting assets of low income or poor credit lending. We believe the end result will be thousands of homogenous balance sheets in 2025 that you can easily understand from a supervisory perspective. However, this current risk posture of the NCUA cannot fail but to lead credit unions to shy away from diversity or cooperative reason for the charter and field of membership. The end result of this rule will ultimately force credit unions into potential areas of investment and lending that the credit union lacks experience with or create industry wide concentrations that could be impacted by similar economic variables. In and of itself, this rule creates more risk than it proposes to control.

Congress intended for the NCUA to develop rules around credit union complexity that would take into account the diversity of credit unions. An arbitrary asset cut-off point is contrary to the mission Congress provided to the NCUA, which is to take in account the special nature of my members' relationship with my credit union.

I am an employee and member of a credit union and I am opposed to the revised Risk-Based Capital regulation. First, because although we are fundamentally different from banks, this regulation seeks to treat us the same. And second, because even the FDIC's Vice Chairman thinks a Risk-Based Capital approach is a bad idea! By implementing the rule, you won't serve our interests, our members', or the NCUSIF's; you'll only be creating a bigger mess for later. Please remove RBC from consideration.

I am also a county commissioner and can attest to the high value of community, unmatched by any other financial services or agencies. Credit unions contribute in both financial and human resources to improve the quality of life in every community in which they function successfully. Why would you limit their performance capacity which will ultimately effect their capability to lead in improving quality of life??!

Thank you,

Dennis Krafft

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Frankenmuth Credit Union