

Regulatory Comments

From: Spencer Miller <no-reply@cuanswers.com>
Sent: Wednesday, April 08, 2015 5:15 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Spencer Miller
Horizon Federal Credit Union

04/08/2015

Dear Mr. Poliquin:

History has shown that the cooperative model of credit unions is a successful one. The diverse nature of our charters has meant that despite little capital—except member good will and loyalty—the forefathers and current stakeholders of the industry have built the second largest financial system in America today, serving close to 40 million households with savings of nearly \$1 trillion. The proposed rule will serve to hinder that diversity by placing credit unions into more general categories. Protect the true nature of credit unions by ending this rule so we can celebrate the charters that made this industry possible, from the \$60 billion Navy FCU to any of the \$1-5 million “family” credit unions. From the farming communities of South Dakota serving family farms with loans to the taxi drivers from NYC to San Francisco. From the raw recruit in San Diego to the forward deployed military professional in Diego Garcia, Korea, or Afghanistan. From the auto worker in Detroit or Tennessee to the high tech communities of Silicon Valley.

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.

Our credit union believes the RBC2 rule would undermine the cooperative and diverse nature of our charters by creating a one size fits all over-reaching capital formula. This is a massive flaw of the NCUA’s structure as regulator and insurer. We believe this is a myopic view of cooperatives and only considers our equity funding mechanism. A cooperative is a like group of individuals banding together to own a business that is guaranteed to meet their similar financial needs. The arguments and logic of the rule misapplies what is done successfully at a local or institutional level, to an entire system. Because of this I would respectfully recommend the rule be thrown out and at best become a matrix the NCUA would use in the exam process only.

I am a member of a credit union and I am opposed to the revised Risk-Based Capital regulation. Capital rules like the one NCUA is proposing have not worked in the past and proven to be more harmful than beneficial. What's more, they will simply add additional bureaucracy and regulatory burden on my credit union, which will hamper its ability to provide me and my fellow member-owners with high quality services, low interest rates, and greater dividends. Don't hurt my credit union-take Risk-Based Capital off the table. Thank you,

I am an employee and member of a credit union and I am opposed to the revised Risk-Based Capital regulation. If your goal is to protect the NCUSIF, why implement a rule that will make it harder for credit unions to provide high quality services and rates to their owners? In the last ten years, fraud has caused 41% of failures. Turn your attentions to what matters, don't harm the vast majority of credit unions that have been operating the right way for years. Thank you,

A handwritten signature in black ink that reads "Spencer Miller". The signature is written in a cursive, flowing style.

Spencer Miller
Horizon Federal Credit Union