

**Houston Metropolitan  
Federal Credit Union**

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May 6, 2014

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

Re: Houston Metropolitan Federal Credit Union comments on Proposed Rule: PCA - Risk Based Capital

Dear Mr. Poliquin:

This letter represents the views of Houston Metropolitan FCU regarding the NCUA's proposal on PCA – Risk Based Capital. Houston Metropolitan FCU is based in Houston, Texas and serves municipal employees except for Fire & Police and other select employee groups. We are a low income designated credit union with 13,000+ members. Houston Metropolitan FCU appreciates the opportunity to comment on this very important issue.

Houston Metropolitan FCU opposes the proposed definition of "Complex" credit union.

The proposal would define a "complex" credit union as ANY credit union with over \$50 million in assets. There is nothing magical about \$50 million in assets; size alone does not make a credit union complex. NCUA has provided no justification for expanding the definition of complex credit union.

Small credit unions (HMFCU) simply cannot continue to survive under current regulatory burdens. This proposal is one more example of unnecessary regulatory burdens impeding the ability of small credit unions to serve their members. Although many small credit unions will not be classified as "complex" and subject to the RBC requirements, Houston Metropolitan FCU will be impacted by the proposal.

As drafted, the proposal increases the regulatory burdens on all credit unions, even though those under \$50 million in assets. This is attested to by NCUA in the "Paperwork Reduction Act" portion of the proposal which estimates the time burden for each credit union (not just complex credit unions) to collect risk based capital ratio data at:

- One-time recordkeeping, 122 hours;
- On-going recordkeeping, 20 hours; and
- One-time policy review and revision, 20 hours.



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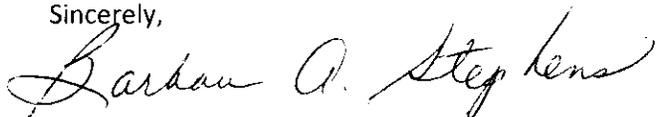
[www.hmefcu.org](http://www.hmefcu.org)

**"Members...Our 1<sup>st</sup> Priority"**

That equates to over 160 hours of work (or one full month) for a small credit union that might only have a couple of employees. Does NCUA really think it is reasonable that a small credit should spend a month of the year on this rather than serving its members?

We (Credit Unions) need additional time to comply beyond the proposed 18 months. Basel III allows banks until 2019 to comply. Credit Unions should receive a comparable period.

Sincerely,

A handwritten signature in cursive script that reads "Barbara A. Stephens". The signature is written in black ink and is positioned below the word "Sincerely,".

Barbara A. Stephens, CCUE  
President/CEO  
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