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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

Sent via E-mail to: regcomments@ncua.gov

Re: Hilco Federal Credit Union Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

This letter represents the views of Hilco Federal Credit Union regarding the NCUA's proposal on PCA – Risk-Based Capital. Hilco Federal Credit Union is based in Kerrville Texas and serves the employees, families, retired employees, and volunteers of three major governmental entities: the City of Kerrville, Kerr County and Kerrville State Hospital, 1,350 members. Hilco Federal Credit Union appreciates the opportunity to comment on this very important issue.

Definition of "Complex" Credit Union (Sec. 702.103)

Hilco Federal Credit Union opposes the proposed definition of "complex" credit union. The proposal will 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. When analyzing the proposed change, NCUA has not provided justification for expanding the definition of a "complex" credit union.

Regulatory Burden ("Paperwork Reduction Act")

Small credit unions simply cannot continue to survive under current regulatory burdens. NCUA takes advantage of promoting the "value" of small credit unions. However, 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, the small credit unions are indeed still impacted by the proposal. As drafted, the proposal increases the regulatory burdens of all credit unions, even 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.

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 for a small credit union to divert one FULL TIME EQUIVALENT employees' time to spend 162 hours every year collecting and managing REGULATORY data rather than serving its members? For example: A credit union loan



officer expends an average of 2.5 hours assisting a member with a loan to release the member from a PAY DAY LENDER clutches...this equates to approximately 65 members that loan officer may have assisted with their very life complicating/debilitating issue of being "TRAPPED" by PAY DAY LENDERS!

Extend Compliance Date

The NCUA Chair has long touted the reduction of regulation for credit unions, however, continues to add what appears to be one that is senseless. NCUA has not provided sufficient justification for this added burden. If this is passed in its current format, 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 compliance period.

Sincerely,

/s/ Ed S. Baskin Jr.

Ed S. Baskin, Jr.
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Your funds are insured to a minimum of \$250,000 by the National Credit Union Administration a branch of the United States Federal Government

