



5/22/14

To: NCUA

From: Paul J. Brucker, Railway Credit Union President

RE: Prompt Corrective Action; Risk-Based Capital

Greetings,

I am not opposed to a risk based capital model for Credit Unions. That being said there appears to be many items that need to be reviewed and changed within the proposal as presented.

1. Investments – It appears investments with final maturities from 5-10 years are counted double risk whether they are fixed rate in nature or if they are variable or step rates. This does not make logical sense.
2. Home Equity loans are counted as additional risk. We classify all residential real estate loans subsequent to the original purchase as home equities. Many of our home equities are in 1st lien position and do not pose any additional risks. We have many home equities that are below a total of 50% LTV and pose little to any risk to our Credit Union. This needs to be addressed.
3. Member Business Lending – Many items here need a second look and modification especially the impact to our ND agriculture based Credit Unions.
4. We also are concerned about the independent discretion of the examiners arbitrarily setting higher capital standards for well capitalized credit unions
5. The implementation time frame for the new regulation appears to be too short.

I am available at any time to discuss further the above concerns,

A handwritten signature in black ink, appearing to read 'Paul J. Brucker', written in a cursive style.

Paul J. Brucker
President – Railway Credit Union

1006 East Main St. • Mandan, ND 58554 • 701-667-9500 • www.railwaycu.com

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