

From: [Lisa Lambrecht](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action ??? Risk-Based Capital Comment Letter
Date: Friday, February 21, 2014 5:00:07 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Entrust Financial Credit Union, which serves a very conservative membership of Christian-based organizations in the Richmond, Virginia area. We have 9905 Members and \$72 million in assets. Entrust Financial Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

This proposal will lower our classification from Well Capitalized to Adequately Capitalized. This will change the strategic initiatives of the credit union, not because they are better for the strength of the credit union and our members but in order to meet an arbitrary number that is not specifically designed to address the unique situation of our credit union.

We do not believe this new proposal is necessary. Entrust Financial Credit Union spends considerable time and effort analyzing the credit union's risks. This analysis takes a comprehensive look at our risks, taking into account mitigating factors. We find that the proposed risk-based capital calculation to be an oversimplification of risk. It does not take into account all mitigating factors or credit union situations.

We do not agree with the provision in the proposal that allows for examiners to subjectively change the capital requirements. How is a credit union to comply with a regulatory requirement when the target can be subjectively changed from year to year based on how risk is interpreted by particular examiners?

We do not agree with the risk weightings for:

- . MBLs
- .
- Mortgage Loans
- . Longer-term investments
- . Consumer loans
- . CUSOs Investments and Loans

The risk weightings are overly general and do not take into account the nuances of particular portfolios. For example, some CUSOs do not pose as much risk as other CUSOs. Some real estate loan portfolios are not as risky as others based on policies, loan-to-value, and other terms. There are many factors that are not being taken into account when assessing the risk of a credit union using a one size fits all calculation.

Summary of your position:

While Entrust Financial Credit Union understands NCUA's desire to create a single number to rank credit union risk, we don't agree with the method being currently proposed.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

Sincerely,

Lisa Lambrecht
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