

From: [Kathy](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action - Risk-Based Capital Comment Letter
Date: Monday, March 17, 2014 3:56:17 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Indiana State University Federal Credit Union (ISUFCU), which serves employees, students and alumni of Indiana State University as well as other Select Employee Groups and members of the American Consumer Council. We have 7800 Members and \$82M in assets. ISUFCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Although the proposed rule would have little impact on ISUFCU in the very near future, I do have some concerns. I understand that legislative capital requirements are needed to create a fair system, however, I have to question whether the risk-weighting that is proposed actually matches the real risk. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering other factors such as conservative underwriting, historically low delinquency, or matching assets with long term deposits, to name a few. I also have to question the reasoning for assigning the same risk weights to secured consumer loans and unsecured loans and applying higher risk weights to extended terms on insured CDs. I'm concerned that the proposal as it exists with all its' restrictions may limit growth due to capital restraints, growth that would have been well managed and monitored, but is now limited due to a risk-weight that ignores asset quality.

I am also very concerned with NCUA being able to impose higher capital requirements on credit unions on a case by case basis. This is a very subjective approach and I do not believe it is appropriate or necessary.

I am hopeful that the NCUA will do the right thing and postpone this proposal until such matters can be addressed.

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

Sincerely,

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ISU Credit Union

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