

From: [Jim Norris](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Monday, April 07, 2014 1:01:13 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Montgomery County Employees Federal Credit Union, which serves county and municipal government employees, public school employees, many SEG's and family members of these groups. We have 12,500 Members and \$98,000,000 in assets. Montgomery County Employees Federal 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.

We feel that this risk-based capital rule is not necessary at this time and if enacted - will again tilt the competitive scales in the favor of banks. Accumulation of capital is only through the net revenue generated by credit unions as opposed to banks and it is not fair to impose additional hardships as credit unions did not cause the economic meltdown and aided consumers and businesses in the wake of the recession. This cannot be said for the banks who have benefited from the extremely low rate environment and have not passed those benefits back to their customers.

Even though we oppose this rule - we feel that NCUA will enact some form of risk-based rule. In that regard, we feel that the proposed risk weight measures are misguided. We are especially concerned with the risk weights for mortgage loans and member business loans and CUSO investments - these appear to discourage credit unions from engaging in these activities which provide many benefits to individual members, businesses and the economy as a whole.

We also feel that the NCSUIF deposit should be excluded from the calculation of RBC ratio all together.

Again, while we oppose this rule in it's entirety - we do believe that the rule will be enacted in some form. This being said - if some form is enacted - we feel that much more time should be allowed for credit unions to conform to the rule. We feel that a period of at least 60 months would be necessary for credit unions to abide by this rule.

In general, this proposal would be particularly difficult for credit unions to be held to - especially considering that we can only rely on retained earnings to build net worth.

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

Sincerely,

Montgomery County EFCU
19785 Crystal Rock Dr
Germantown, MD 20874