From:	Mike Brandt
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Monday, April 14, 2014 12:01:38 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Evergreen Credit Union which serves four counties in Northeast Wisconsin. We have about 3200 Members and $31 Million in assets. Evergreen 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.

While our credit union would not be immediately impacted by this proposed rule, it would change our vision for the future growth of the credit union. We will end up not using our ALM/ALCO tools and plans to guide our decisions and instead we will have to conform to the arbitrary limits set by the new risk rating system in this proposal. In the education system this is called "teaching to the test", when students are not encouraged to learn, but instead memorize everything on the standardized test so they are supposedly on the same level as everyone else. It doesn't work in the education field and it won't work in our industry. Making all credit unions run their balance sheets the same way and not invest or innovate as we see fit will not help credit unions grow and serve their members.

Unlike the “mega-banks”, the need for higher capital standards and risk based capital standards is probably not necessary in our industry, but since that is the way the political winds are blowing it looks like we will be punished for problems we did not create. The statute is clear and sets capital limits for credit unions that are already substantially higher than our banking counter parts. The ability for NCUA to arbitrarily set higher capital standards for individual credit unions on a case-by-case basis is not necessary and should not be allowed.

The risk ratings for the Mortgage Loans, Consumer Loans, and CUSO investments and loans are far too high and will dramatically impact our ability to grow at a rate that will keep us competitive in our market. Instead of making sound decisions for our individual credit union and our members, we will be watching how each new loan will potentially affect us when we cross the $50 Million threshold. CUSOs have long been a way forward for growth and innovation in our industry, but the new risk ratings could keep all but the largest credit unions from being able to participate in them. CUSOs have the ability to help small credit unions collaborate on products, services, and sometimes general operations. If NCUA's intent is to help small credit union survive and thrive, placing an undue burden on them for their CUSO participation is not the way to do that.

Another area of concern is the exclusion of the NCSUIF deposit from the calculation of RBC ratios. If the purpose of the proposed regulation is to make credit unions keep more capital to avoid losses to the share insurance fund (and it clearly is), then the amount that a credit union has on deposit in the fund to offset losses in the event of liquidation should without a doubt be part of the calculation when determining that risk.

To summarize our position: 1. We feel that this proposed rule is not necessary for our industry. 2. If the rule moves forward, significant reductions in the risk weighting need to be made for consumer and mortgage loans, along with CUSO investments and loans. 3. The credit union's NCSUIF deposit must be included in the calculation.

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

Sincerely,

Mike Brandt
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