

**From:** [Terry Shoemaker](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Prompt Corrective Action Risk-Based Capital Comment Letter  
**Date:** Monday, April 21, 2014 1:51:36 PM

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Dear Secretary of the Board Poliquin,

I am writing on behalf of State College FCU, which serves SEGs in the general State College area. We have 1900 members and \$15 million in assets. State College FCU 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 initially be affected by the proposal, we are concerned that the proposed rules could possibly filter down to smaller credit unions such as ourselves. We struggle as it is to keep our costs down and generate positive net income; requiring us to hold additional funds in reserve could make the difference in our ongoing operations.

This new proposal may be worthwhile if structured properly so as not to unfairly burden those credit unions that are effectively managing their overall risk tolerance. If NCUA's examiners were better versed in fully understanding the risk factors that each credit union faces, then maybe they should be able to impose higher capital requirements on credit unions on a case by case basis.

Risk weightings for different types of loans, CUSOs, and MBSs is a worthwhile concern, but again only if those making the determinations have a clear sense of how each credit union operates from a real world perspective and not the black and white rules and regulations manual.

The NCSUIF deposit should be included in the calculation of RBC ratio, given that these are member funds required to be set aside in the event that fellow credit unions fail.

NCUA should not be able to restrict dividend payments as the proposal would provide; if the credit union is being effectively run, management is in the best position to determine the payment of dividends and how they will impact the overall financial well being of their credit union.

NCUA's planned implementation of this requirement should allow more time for credit unions to comply; more importantly, the expected overall negative response to this proposal should defer it indefinitely or eliminate it all together.

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

Sincerely,

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