

From: j.smith@ecutx.org
To: [Regulatory Comments](#)
Subject: PCA-Risk Based Capital
Date: Friday, April 25, 2014 10:47:50 AM

Mr. Gerard Poliquin

Secretary of the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Sent via E-mail to: regcomments@ncua.gov

Dear Mr. Poliquin:

This letter represents the views of Educators Credit Union regarding the NCUA's proposal on PCA-Risk-Based Capital. Educators Credit Union main office is based in Waco, Texas and serves just over 38,000 members in six counties through its community charter. ECU appreciates the opportunity to comment on this very important issue.

ECU opposes the proposed definition of "complex" credit union.

The proposal would define a "complex" credit union as ANY credit union with over \$50 million in assets. Although ECU is well over that threshold, we would argue that an arbitrarily arrived at number does not make a credit union "complex" in and of itself. NCUA has not provided a justification for expanding the definition of a "complex" credit union

The proposal creates burdensome additional paperwork

All credit unions survive by maximizing the employee man-hours spent and focusing those hours on providing quality service to our members. That is what a credit union is all about. This added and unnecessary regulatory burden impedes the ability of all credit unions to serve their members. The NCUA itself says in the "Paperwork Reduction Act" portion of the proposal which estimates the time burden for each credit union to collect risk-based capital ratio data at **122 hours** for one-time record keeping, **20 hours** for on-going record keeping, and **20 hours** for one-time policy review and revision. Does NCUA truly believe it is necessary for any credit union, regardless of its size, to spend 160 hours (or one full month!) complying with this proposal? Pulling the equivalent of one person away from the credit union for a month equates to shortchanging our service to a lot of our members. I suppose we

can just tell them we can't help them because we are busy complying with new NCUA regs! It is especially difficult to fathom how smaller credit unions will meet this new requirement.

18 months is not enough time to meet the compliance requirement

Why would the NCUA allow only 18 months for compliance whereas Basel III allows banks (who for the most part are much better staffed) until 2019 to comply? Credit unions deserve a comparable compliance period.

Credit Unions will basically fall \$7.3 billion short of their current capital amounts

Most credit unions tend to maintain a buffer beyond what is required to be "well capitalized." Under this proposal, that "buffer" will be reduced by \$7.3 billion and in order to restore that "buffer" credit unions will have to consider alternatives such as increased loan rates, reduced savings interest, and reduced mortgage loans and MBLs – **all of which are bad for our members.**

NCUA will have the authority to impose even higher standards

ECU opposes the idea of allowing the NCUA the authority to impose even higher capital standards on a case-by-case basis and questions the legality of such unilateral action on their part.

Respectfully,

Joe Hutyra

President/CEO

Educators Credit Union

P.O.Box 20728

Waco, Texas 76702-0728

254.776.7900