From:	Thomas Gosling
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Thursday, May 01, 2014 9:31:39 AM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Bellco Federal Credit Union serving the Community of Berks County in Pennsylvania. Our credit union has over 12,000 Members with over $111 Million in members assets. Bellco Federal Credit Union appreciates the opportunity to provide comments to the NCUA on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Our credit union would be negatively affected by this rule considering it would limit our ability to operate in a profitable environment without reducing financial services to the average member. Many new regulations have already squeezed our margins to the point that we can no longer serve many of the average members who need a loan to purchase a house or a business. I expect credit unions will be forced to turn away deposits in an effort to maintain capital. This means another burden on the middle class. Either they are faced with higher fees or they are forced to keep cash under their mattress and bypass banks and credit unions.
There is no need for this change, credit unions just weathered one of the worst financial problems in the last 100 years and we are strong. I expect that this change will slow the growth of credit unions and threaten their future by forcing us all to be so conservative that the model will not work. If credit unions can't have a profitable and thriving model, top mangers and leadership will leave the industry for more viable and rewarding businesses. NCUA has already imposed too many regulations for most credit unions to manage and the result is fewer credit unions. The credit unions overall capital position is fine and NCUA must step back from their new Prompt Corrective Action rule and just eliminate this. It's that simple.
NCUA should not be able to impose higher capital requirements on credit unions on a case by case basis in any event? NCUA has a well-funded insurance fund, if it gets used occasionally that's what it's for. If it's used to weather a storm ever 100 years that's what it's for. There is no need to panic, the insurance fund has been replenished and examiners have no worry of a pay cut. I personally think most credit unions would benefit from reducing capital requirements so we can serve the middle class even better, 6% capital is fine for the 6000 credit unions that remain. Twenty years ago there were 20,000 credit unions now we are just above 6000 and headed to 5000 where I expect things to stay for my lifetime, unless NCUA forces a few more credit unions to give up and we end up below 5000 credit unions.
I don't agree with the risk weightings for the following because it just reduces good loans to our good members for no good reason:
- MBLs
- Mortgage Loans
- Longer-term investments
- Consumer loans
- CUSOs Investments and Loans

There is no reason that NCSUIF deposit be excluded from the calculation of RBC ratios that's like us not counting your down payment on a car loan, its just out of touch and stupid? The same with good will, why would that be excluded? This law is clearly not well thought, just like so many other regulations that create so many unintended consequences. I suggest you just scrap the idea!

It's clear that a law like this must allow at least 10 years for fine tuning before implementation if ever implemented. Our loans have terms of 10, 20 and 30 years and any rule changes should provide credit unions with plenty of implementation time.

My main concern with this proposal is that NCUA has again shown that they are out of touch with the 6000 credit unions they regulate. The most recent example was the 5300 call reporting penalty of thousands and millions of dollars a day in fines for tarty reports. Most not- for- profit credit union would be significantly motivated by a $10.00/day or $100.00/day penalty but NCUA is $1,000,000 out of touch with credit unions in my opinion.

If NCUA wants a more sound credit union business then they need to get out of the way and walk with credit unions bringing best practices to the group and encouraging great leadership to join this not-for-profit success story in America as we service the middle class with responsible financial services .

Summarizing, There is no need for this proposed to change the capital requirements for credit unions at all, kindly just scrap the proposal. The share insurance fund is tested and worked fine during the worst financial down turn since credit unions were created. NCUA should be considering the reduction of meaningless regulations that bog down their regulators and consume credit unions time. I look forward to NCUA working with credit unions in a more supportive role while not creating unnecessary hardships.

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

Tom Gosling
Bellco Federal credit union

Sincerely,

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