

Mid-Tex Federal Credit Union

P.O. Box 338 * 3808 Hwy 377 S
Brownwood, TX 76804
(325) 646-4571 Fax 646-4872
www.mtfcu.org

May 5, 2014

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Mid Tex FCU comments on Proposed Rule PCA – Risk Based Capital

Dear Mr. Poliquin:

Please accept this letter as the representation of the views of Mid Tex FCU, concerning the NCUA's proposal on PCA Risk-Based Capital. Mid Tex FCU is located in Brownwood, Texas and serves the community of Brown County, currently with 3,684 members. Mid Tex FCU appreciates the opportunity to comment on this very important issue.

Definition of "Complex" Credit Union (Sec. 702.103)

Mid Tex FCU opposes the proposed definition of a "complex" credit union. The proposal would define a "complex" credit union as ANY credit union with over \$50 million in assets. There is nothing magical about \$50 million in assets; size alone does not make a credit union complex. NCUA has provided no justification for expanding the definition of a complex credit union.

Regulatory Burden ("Paperwork Reduction Act")

Small credit unions simply cannot continue under current regulatory burdens. This proposal is one more example of unnecessary regulatory burdens impeding the ability of small credit unions to serve their members. Although many small credit unions will not be classified as "complex" and subject to the RBC requirements, the small credit unions are indeed still impacted by the proposal.

As drafted, the proposal increases the regulatory burdens of all credit unions, even those under \$50 million in assets. This is attested to by NCUA in the "Paperwork Reduction Act" portion of the proposal which estimates the time burden for each credit union (not just complex credit unions) to collect risk-based capital ratio data at:

- One-time recordkeeping, 122 hours;
- On-going recordkeeping, 20 hours; and
- One-time policy review and revision, 20 hours.

That equates to over 160 hours of work (or one full month!), which would be very burdensome for a small credit union that might only have a couple of employees. I don't believe it is reasonable of NCUA to impose this burden upon a small credit union, when their time could be better used, by serving their members.

Extend Compliance Date

Credit unions need additional time to comply beyond the proposed 18 months. Banking financial institutions have until the year 2019 to comply, therefore I believe credit unions should receive a comparable compliance period.

Sincerely,

Robert J. Hagood, President

