



Community Credit Union

Your Key to Financial Success

May 7, 2014

RE: RIN3133-AD77

Dear NCUA Board,

I am writing as a representative of WesTex Community Credit Union. We are a state-chartered credit union with a community field of membership that encompasses 7 sparsely-populated counties in rural west Texas. We are currently approaching \$65 million in assets and offer many services and products through our 3 branches.

I appreciate the NCUA board for addressing the issue of risk based capital requirements and see value in adopting standards for credit unions – just not like the one proposed. I do not feel this is where concentration and interest rate risks should be addressed. We currently have regulations for interest rate and liquidity risk, as well as guidance that has been issued on concentration risk. The heavier weighting when mortgage and member business loans outstanding increase may become too detrimental and force a credit union to cut back on services and products their members need.

I question the “discouraging” of investments with longer maturities even with the likelihood of interest rates rising. If in the future we find ourselves in an environment where rates start to fall, will NCUA flip-flop the reserve requirements to encourage long-term investments over shorter maturities?

It has been pointed out that the NCUSIF deposit would be a “wash” because it was being subtracted from the capital side as well as the asset side. The percentage of the NCUSIF has a significant higher impact on the capital side than it does on the asset side, so I don’t feel that it is a wash. It should be included on both sides of the equation.

It makes me uneasy to know NCUA will give itself the authority to impose even higher capital requirements if they feel it is needed. The rule should stand on its own in its final form.

Eighteen months is too short a time period to allow credit unions to make any adjustments to their balance sheets in order to be well-capitalized. Banks have until 2019 to comply with Basel III.

Thank you for the opportunity to comment on this issue and also thank you for your consideration.

Sincerely,

Devora Mitchell
President
WesTex Community Credit Union

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