May 9, 2014

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

Re: SELECT FEDERAL CREDIT UNION
Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

This letter represents the views of Select Federal Credit Union (SFCU), a $33 million in Assets credit union regarding the NCUA's proposal on PCA – Risk-Based Capital. SFCU is based in San Antonio, Texas and serves a low income, underserved and unbanked membership of 5500. SFCU appreciates the opportunity to comment on this very important issue.

SFCU is fortunate to be well capitalized at 13.60% (as of 12/31/13) and initial calculations reflect that our Credit Union would not experience problems meeting the Risk Based Capital requirements. However, it is other factors detailed in the proposal that are causing concerns.

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

First, Select Federal Credit Union 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. And while size alone does not make a credit union complex, this Proposed Rule will ultimately affect all credit unions no matter the size. SFCU, though not over $50 million, would be classified as "complex" and thus, may be subject to many of the proposed rules should NCUA decide to not have a minimum asset rule. Or, SFCU will eventually reach the $50 million Asset mark and have to comply with the proposal in the future. NCUA has provided no justification for expanding the definition of complex credit union.

Regulatory Burden ("Paperwork Reduction Act")

Second, small and mid-size credit unions similar to our size simply cannot continue to survive under current regulatory burdens. This proposal is one more example of unnecessary regulatory burdens impeding the ability of credit unions to serve their members.

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. We are talking just shy of a couple hundred hours a month for recordkeeping alone.

Having a low income membership that requires a lot of intervention from employees, leaves little extra time for regulatory burdens such as what is proposed. Our jobs are to service our members as best we can and this takes time from all employees from the Teller to Senior Management.

Extend Compliance Date

And lastly, we, all Credit unions need more ample time to comply. Proposing eighteen months for a regulation such as this is not sufficient preparation time for a major change such as this. Basel III allows banks until 2019 to comply. Credit unions should receive a comparable compliance period.

Please consider our concerns on the Proposed Rule of PCA – Risk Based Capital.

Sincerely,

BELINDA BARRERA-MCDANIEL, SCMS
PRESIDENT-CEO