

From: [Norris Middelton](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Monday, May 12, 2014 12:21:36 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Omega Psi Phi Fraternity Federal Credit Union, which serves members of the Omega Psi Phi Fraternity, Inc. and associated organizations. We have 795 Members and less than one million dollars in assets. Omega Psi Phi Fraternity Federal Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

As a very small, limited membership credit union, we will not be specifically impacted by the proposed regulation. However, these sorts of regulations have a way of making themselves applicable to all institutions over time.

It seems to us that this regulation is a complete case of regulatory overkill. Credit unions did not cause the financial meltdown of the recent past, and in fact managed to weather the storm without taxpayer (government) bailouts, unlike our for profit competition.

In our opinion, NCUA should not be able to impose higher capital requirements on credit unions on a case by case basis. Any requirement such as this must be quantifiable and not subject to the whims of a particular examiner. Although rare, there are instances of examiners taking retribution on a credit union due to their bruised egos because a CEO or board dared to question one or more of the examiner's findings.

Another area of critical importance is the proposed risk weightings for certain classes of assets. Suffice it to say that not all mortgages are alike (IE: a 50% LTV is certainly not the same risk as an 80% LTV loan), nor are all investments alike. Any risk weighting must take into account the various categories and the individual risks within the various categories of loans and investments.

As an investment in the insurance fund, the NCSUIF deposit also should not be excluded from the calculation of RBC ratios (unless the NCUA is in itself insolvent).

Lastly the NCUA's implementation time line should be greatly lengthened by phasing in any increases over several years.

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

Sincerely,

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