

From: [Paul Gaumer](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Monday, May 12, 2014 6:10:07 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Illinois Educators Credit Union (IECU) which serves the education community throughout the State of Illinois. We have 7200 Members and \$50,000,000 in assets. IECU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

IECU is well capitalized at 9.22% as of the end of 2013. This is a healthy increase due to a strategic plan of slowing our growth in assets over the last couple of years so that we will be well positioned for survival in the future. As you well know, the small to mid sized credit unions are being closed or merged each day. It is the strategic initiative for IECU is survive well into the future. The proposed Risk Based Capital change would make a huge impact in our future survival.

Right now, we are 223 basis points over what is considered well capitalized. In the proposed changes, we would only be 17 basis points over what is considered well capitalized. This type of regulatory adjustment could be detrimental to the success of IECU.

It is my opinion that the intent of this rule is to better analyze the risk associated with credit unions that involve themselves in MBL's, large mortgage loans, and very long term investments due to the interest rate and liquidity risks that are associated with these programs. However, the small to medium size credit unions rarely are involved in these types of ventures. If further safeguards are necessary to protect the NCUA Share Insurance Fund, then may I suggest a questionnaire be completed by each credit union that will state which programs they are involved in and if they answer "yes" to more than 4 (as an example) of the questions, they would qualify to Risk Based Capital rules. Even though I believe that it is the intent to accomplish this through "weighting" certain areas, it throws ALL credit unions into the pool that only affect a larger credit union base. This is extremely unfair to the smaller credit unions. I also don't believe that the NCSUIF deposit should be included in ANY of the Risk Based Capital calculations no matter what the size of the credit union.

With all of the uncertainty, unjustification for the rule change, and questions with the impact to the credit union industry, I believe the NCUA should extend their current time frame for comment for at least an additional 120 beyond the May 28th date. Hopefully the additional time will allow the NCUA to understand the true impact to the industry and especially the smaller, developing credit unions.

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

Sincerely,

Paul Gaumer-Comptroller
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