

**From:** [Gerald Hutto](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Gerald Hutto (Team One Credit Union)-comments on Proposed Rule PCA-Risk based Capital  
**Date:** Friday, May 16, 2014 2:26:58 PM

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Attn. Gerard Poliquin  
Secretary of the Board, National Credit union Administration  
1775 Duke St. Alexandria, Virginia 22314

Good Afternoon,

I would like to comment on the proposed PCA Risk Based Proposal. We are a midsized credit union and we are also part or full owners of a number of CUSO's involved in mortgages, commercial lending, selling financial products to other CU's and banks. It has always been our understanding that we are to minimize risk to our credit unions and members and one of the ways to do this is to invest in other organizations that would offer services that generate a diverse portfolio to increase noninterest income as well as loan income while providing a needed avenue for our members. Under this proposal it would penalize credit union investments into CUSO's that are helping both the owner as well as affiliate credit unions. The stated attempt is to stabilize the insurance fund, which according to other sources is very well capitalized to the point that in some future years, per NCUA, we are supposed to get back some of the money from the stabilization fund since losses may have been originally overstated.

This proposed regulation also seems to be over reaching in its purpose. It does seek to penalize a diverse portfolio that encompasses commercial lending, mortgage lending as well as credit card portfolios. These services among many others are what our members need and want and this will be severely limited and jeopardized under this proposal. It will certainly limit the number of CUSO's in existence who are providing a very needed service for the credit union community. The regulation seeks to place an undue burden on investment as well as loan strategies for a successful credit union. Is there a necessity for not counting the NCUSIF deposit from the ratio? By restricting dividend payments, as the proposal provides, you will certainly affect the health of a credit union and help in its demise. The credit union industry is constantly shrinking from regulation as well as economic factors and by placing even more restrictions on the industry this will certainly impact this trend even further.

The whole proposal is not very well thought out, from the implementation of 18 months to the power given to the examiners to require even more capital based on their recommendations and opinions of the credit union.

The cooperative attitude that credit unions have had will certainly be undermined with this proposal, we have always been there to help each other thru a variety of initiatives and I fear for the future of our industry should this proposal be enacted.

Please take the time to read the comments from the people who work in the industry and have made it a success for so many years, think of the people that have been helped by credit unions and will this continue to be the case if these burdensome regulations continue?

Thank you for your time and consideration.

**Gerald Hutto**

President/CEO

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