

**From:** [Michelle Murray](#)  
**To:** [Regulatory Comments](#)  
**Cc:** [Bill Nikolauk - 1ST COMMUNITY: "Jeff Huffman"](#)  
**Subject:** 1st Community Federal Credit Union comments on NCUA Proposed Regulation on Prompt Corrective Action; Risk-Based Capital  
**Date:** Friday, May 16, 2014 11:58:46 AM  
**Attachments:** [image003.png](#)  
[image004.png](#)

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## 1<sup>st</sup> Community Federal Credit Union

3505 Wildewood Drive, San Angelo, Texas 76904

325/653-1465 or 800/749-1465

[www.1cfcu.org](http://www.1cfcu.org)

May 16, 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](mailto:regcomments@ncua.gov)

Re: 1<sup>st</sup> Community Federal Credit Union comments on NCUA Proposed Regulation on Prompt Corrective Action; Risk-Based Capital

Dear Mr. Poliquin:

1<sup>st</sup> Community Federal Credit Union appreciates the efforts you have made on Risk Based Capital (RBC).

1<sup>st</sup> Community is a \$210 million dollar credit union headquartered in San Angelo, Texas that serves 22,000 members in 27 counties. We feel the concept of RBC is good and credit unions that pose a great risk should be required to maintain a higher percentage of capital.

The questions I have are:

- 1) Why would an examiner have the discretion to increase the RBC requirements?
- 2) Why is this proposed rule so much broader in scope than Basel III?
- 3) Why the change in the definition of Complex Credit Union?

I see no justification in any of these questions.

That being said, we also feel the implementation period is far too short. Perhaps a three year or even a five year (to match the FDIC's implementation for banks under \$15 billion in assets) would be a better choice.

Giving all consumer loans the same weight factor makes no sense. Unsecured loans carry much more risk than do collateralized loans and should be weighted accordingly.

If implemented today, 1<sup>st</sup> Community would remain well capitalized. However, our capital would decrease by \$1,556,041. We are 258 basis points higher than well capitalized and would drop 76 basis points with this proposal. Also, remember we just came through the worst financial crisis in decades and overall the Credit Union weathered the storm unscathed.

Again, while RBC may be a good concept, we feel as written this proposal will do more harm than good.

In a final note, it could be argued that were it not for bailing out the Corporates this great recession may have been a mere bump in the road for well capitalized credit unions on the current system.

Bill Nikolauk  
President/CEO

Michelle M. Murray  
Administrative Assistant  
1st Community Federal Credit Union  
3505 Wildewood Drive  
San Angelo, TX 76904  
325-653-1465 or 325-224-3603 (direct)



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