From:	Vidya Iyengar
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Friday, May 16, 2014 2:10:52 PM

Dear Secretary of the Board Poliquin,

Marion Community Credit Union (MCCU) is a State chartered credit union serving Marion and Morrow counties in Ohio. We have about 8,500 Members and $58 million in assets. MCCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

1. Being State chartered credit union, I am disappointed that NCUA did not meaningfully consult with the State Regulatory agencies on this proposed rule.

2. Looking at the many calculators available on this topic, MCCU does not seem to be impacted in the short run. However, once the proposed rule is enacted, we are at the mercy of the examiners. In the long run, this rule will force MCCU to curtail membership expansion, lending, and growth.

3. The 18 month compliance date presents a hardship due to required realignment of personnel and time needed to restructure our balance sheet to achieve the optimum mix of assets that produce the desired capital ratios. Before making any changes to the capital structure, NCUA should give a much longer period (perhaps 7 years) to realign the services to members as well as the balance sheet.

4. This new proposal is not necessary. NCUA has not justified the need for the rule adequately.

5. NCUA would assume additional authority to impose even higher capital requirements on individual credit unions that could exceed even well-capitalized level requirements. This is completely arbitrary and unacceptable, especially since the appeals process is completely biased against the CU.

6. NCUA would require covered credit unions to subtract good will from net worth when calculating their risk based capital requirements. Changing the current capital system without adding a supplemental capital structure is unhealthy.

7. Why did the NCUA require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation? That is real money (member's money) that natural person credit unions send to NCUSIF.

8. A number of the risk weightings, especially for member business loan and mortgage concentrations as well as for CUSO investments, do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering liability maturities. NCUA should not try to manage risk by rule instead of improving the quality and effectiveness of supervision.

In conclusion, when drastic changes like these are proposed, NCUA should seek input from natural person credit unions of all sizes as well as state regulatory agencies before a proposed rule is developed to explore practical and feasible approaches. Arbitrarily setting limits and standards will only disrupt a good system that has proven to help thousands of members over the years.

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

Sincerely,

Vidya Iyengar
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