

From: [Janet Hill - Dispute Resolution](#)
To: [Regulatory Comments](#)
Subject: Janet Hill - Comments on Proposed Rule: PCA - Risk-Based Capital
Date: Tuesday, May 20, 2014 5:31:41 PM

Mr. Gerald Poliquin-

As a board member of First Services Credit Union in Houston, Texas, I would like to offer the following comment letter on the NCUA proposed Risk Based Capital rule.

While many of us in credit unions today do recognize the need for a well-balanced and credit union-specific set of capital standards, we have serious concerns about the proposed risk Based Capital rule that must be addressed, or the results could be disastrous to many credit unions. Certainly it could put countless credit unions at a competitive disadvantage in their communities.

First, I am reminded of Senator D'Amato's letter of May 7, 2014, where he advises that this proposed rule would be inconsistent with the intent of the United States Banking Committee when the credit union version of the Prompt Corrective Action (PCA) was crafted in 1998 and in fact, would exceed the authority conveyed to the NCUA -- specifically establishing a separate risk-based requirement to be well-capitalized (in addition to the 7% net worth ratio).

There are several key concerns:

- The 'one fits all' approach instead of a needed more specific approach that considers past performance of each CU.
- Which standard is primary? If a credit union meets one and not the other, what then? This needs further clarification and development.
- Leaving the discretion to the individual examiner is a major flaw, and one that does not allow for strategic planning and management by CU leaders and boards
- An additional requirement of documentation is becoming burdensome for the CU's, and further, the implementation time is very short if adjustments to the balance sheet are required.

This is a very important regulation, as it will impact how we operate and how well we can serve our members.

We do appreciate being allowed to comment during this process, and respectfully urge you to consider possible improvements to this Risk Based Capital Rule. It is vital to keep First Services Credit Union and the rest of the credit union industry healthy and strong during the coming years. As leaders, it is key that we weigh any proposed changes with the risks those changes may bring.

Thank you,

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