

From: [Keith Pritchard](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Wednesday, May 21, 2014 1:10:57 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of the United Methodist Connectional Federal Credit Union (UMC FCU), which serves United Methodist church members and staff in Georgia, Florida and Alabama. We have 4,670 Members and \$27.1 Million in assets. UMC FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Most credit unions were fine under the current system and we see no need to change the current system.

OUR CONCERNS ABOUT NCUA'S RISK BASED CAPITAL PROPOSAL

- NCUA has not justified the need for the rule adequately;
- NCUA would assume additional authority to impose even higher capital requirements on individual credit unions that could exceed even well-capitalized level requirements;
- NCUA would require covered credit unions to subtract good will from net worth when calculating their risk based capital requirements (note: this is consistent with Basel III);
- NCUA would also require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation;
- More credit unions than NCUA has indicated would be impacted as their net worth would fall to just barely over well-capitalized or adequately capitalized levels;
- More time is needed for the rule to be phased in;
- 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.

Summary of your position:

Although the rule will not directly impact our credit union since we are under \$50 Million, we have to assume that with growth, it will affect us.

Please don't jump the gun as many new regulations have recently and then have to backtrack.

You need to give longer consideration and more direct input from credit unions.

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

Sincerely,

Keith Pritchard
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