

From: [Matthew Chizek](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter : RIN 3133-AD77
Date: Wednesday, May 21, 2014 5:02:19 PM
Attachments: [image003.png](#)
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Good afternoon, I am writing on behalf of MCLG Family Credit Union, which services select employee groups which are Mercy Hospital, County, City, Lehigh Concrete, Government employees and their families in the great state of Iowa. We have 4,463 members and are \$41 million in assets. MCLG Family Credit Union appreciates the opportunity to provide comments to NCUA on its proposed rule, Prompt Corrective Action – Risk-Based Capital.

The impact of these new capital requirements is a pause for great concern. The risk weightings you are proposing do not appear to be properly calibrated for our \$41 million dollar, healthy, blue blood, 4,463 membership, northern Iowa credit union that has \$14 million lent in mortgage loans. 65% of our loan portfolio is helping the folks in our select employee groups with affordable rates. The members' loyalty as owners of the credit union and the credit union's understanding of the needs of the community are clearly demonstrated through its low loan losses. During the mortgage crisis over the past four years the credit union only lost \$7,386.23 with an average loss factor of 0.0155% on \$14 million dollars of mortgage loans.

We are the mortgage lender of this blue collar community. Our community is made up of factory, cement, government and hospital workers who make jello, pave our roads, bring us our birthday cards and take care of the ill. However, I am concerned that the credit union will need to restrict growth to ensure that we do not exceed the \$50 million threshold that would subject us to additional risk-based capital requirements. My credit union is now faced with the difficult decision of either restricting growth to ensure the additional capital requirements do not affect existing members or exceeding the threshold and significantly altering our proven model of understanding the credit union's individual risk and lending in a manner appropriate for the community.

At a minimum please consider providing more time for credit unions to phase in the new requirements. Under the proposal we would need to set a new course and direction for our financial institution because of the negative impact this will have on our business. If implemented as is we would no longer be the leading mortgage lender in our community as we would need to restrict our lending based on the new risk weightings or slowly raise capital. We are now being told we have water in our boat, even when it wasn't sinking nor taking on water. We lent money responsibly to humble Iowans with modest incomes. This ruling will have

a negative impact for all small rural communities. Credit unions have continued to serve the underserved in times of economic crisis, even when other financials shunned or turned their noses at our community. My credit union supported its members through difficult times while remaining financially sound and I am proud of that. Our low loss rate shows that people in northern Iowa will give the shirt off the back if you asked them and care about the long term future of the credit union. I ask NCUA to please reconsider the real life impact you will have on millions of credit union members, including those in Northern Iowa. I ask that NCUA revise the risk-weightings to account for the credit unions' ability to assess their risk and capital needs based on their individual communities. We are all business people when it boils down to it and will follow the rules and regulations established by NCUA, however, I'm concerned that this proposal will cause the credit union to alter its core character that has served us well for over 75 years.

Thank you for the opportunity to comment on this proposed rule, the community impact it will have and for considering our views on risk based capital requirements.

Regards,
Matthew R. Chizek

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