

From: [Mary Sullivan](#)
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 Tradewinds Credit Union, which serves the communities of Kent and Ottawa counties and the union construction trades. We have 2883 Members and 18 million in assets. Tradewinds Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Under the proposed system, Tradewinds Credit Union would not be affected due to the \$50 million threshold; however it does concern me there may be contradictions with the definition of a complex credit union as stated in the actual credit union act; which in turn could affect us. And of course, while it may not affect the credit union today it may affect the credit union in future years. More importantly, I am concerned with how the proposed system would affect the entire credit union movement.

As a small credit union I am concerned that if the rule is adopted as proposed it will produce a decline in the monetary and other support that larger credit unions provide to us smaller credit unions. It may put additional strain on the finances and operations of many smaller credit unions and the decline in credit union service to our nations consumers may increase.

I do not agree with the Agency's proposal to give examiners the power to impose arbitrarily high capital standards on individual credit unions; in spite of some sort of appeals process. It has been my experience that all examiners are not equal. I have been assigned examiners that have been motivated toward the success of the credit union while maintaining the integrity of the agency; and I have been assigned examiners who like to wield their power.

I question the need for the proposed system, as I'm not sure what is driving the agency to change the system when the current system held up incredibly well throughout the worst economic catastrophe since the Great Depression.

In the words of another small credit located in the state of Michigan I would like to quote their thoughts and I urge the committee to consider improvements to the proposal in lieu of withdrawing the proposal as follows:

- 1) Fix the proposed risk weights to reflect marketplace realities: The current weights bear no relationship to actual credit union losses over time - both from the standpoint of losses relative to those in the banking sector and from the standpoint of comparative losses within credit union portfolios.
- 2) Remove the interest rate risk component from the calculation and keep interest rate risk evaluations in the realm of the examination function.
- 3) Remove the proposal to allow examiners to impose arbitrary requirements.
- 4) Index the \$50 million threshold definition of "complex". Consider providing a "safe harbor" definition of non-complex that would allow CUs to avoid the "complex" definition.

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

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Sincerely,

Mary Sullivan, CEO

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