



SIU CREDIT UNION

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Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: PCA - Risk Based Capital

Dear Mr. Poliquin,

I appreciate the opportunity to convey my thoughts on the Proposed Rule: PCA - Risk Based Capital and how it will impact Credit Unions. Keeping in mind why Credit Unions came into existence, the part Credit Unions continue to play in our members' lives from small in-house institutions all the way up to Navy Federal.

By now I'm sure you have been bombarded with so many repetitive statistics that another letter quoting the same old numbers will probably go unnoticed. As I hope you know for more than 100 years, Credit Unions have provided financial services to their members in the United States. Credit unions are unique depository institutions created not for profit, but to serve their members as credit cooperatives. Credit Unions have recently experienced and worked through the worst of times our economy has presented us proving that as an industry we are resilient and able to adapt to the challenges thrown our way. However, even with the strong performance showed by Credit Unions throughout these challenging times the NCUA is proposing rules that are much more stringent than the rules applied to our banking counterparts.

I understand that there is a need for some standards that will protect the NCUSIF while enforcing standards that are much more stringent than those now required by banks. These proposed standards send the message that the NCUA is wanting more consolidation in our industry and not the preservation of what Credit Unions are all about and that is serving our members.

I see the short term of the proposed implementation period as a major hurdle for Credit Unions in that it could force a cutback on loans to members because they have an adverse effect on the ratios under the proposed rule. This would be seen in a need to realign assets by reducing residential mortgage loans and small business loans to members, reducing overall credit availability to members.

The implementation timeframe of proposed rule could also force premature sale of securities causing losses to Credit Unions that may not be experienced if phased in on a similar timeframe that banks were allowed to make to current and future portfolios. Substantially more time than the proposed 12-18 month phase in is needed.

Another item of major concern is that once a Credit Union has done whatever is required to comply with the proposed rule and understands by the numbers where they stand with all capital numbers an examiner has the ability to require higher capital amounts for individual Credit Unions. The Capital Rule should be standard for all Credit Unions and it cannot be justified to allow different standards on an individual basis.

As proposed the proposed rule PCA-Risk-Based Capital will inhibit the ability of Credit Unions to compete and to provide services as we were originally founded for "People Helping People".

I would hope that the NCUA would revisit the rule as proposed and seek to provide a framework that is equitable to all Credit Unions. One that will allow Credit Unions to grow and to provide for the needs of our members.

I want to thank you for the opportunity comment on the proposed rule. Feel free to contact me if you have any questions about the feelings that I have expressed. I would welcome the opportunity to discuss them with you.

Sincerely,



Dennis Schaefer
President/CEO
SIU Credit Union

cc: SIU CU Board and Management