

From: [Julia Timbrook](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Tuesday, May 27, 2014 1:00:53 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of GenFed Financial Credit Union, Inc., which serves the counties of Lorain, Summit, Erie, Medina, Williams, and Paulding in Ohio, Shelby in Indiana, and Marion and Jefferson in Illinois. We have 22,874 Members and \$206,438,772.03 in assets. GenFed Financial appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

We are concerned about the impact to our credit union and other credit unions under this proposal both immediately and in future years. Though GenFed Financial remains "well capitalized" under NCUA's calculator initially, changes and growth could impact our status negatively in the future and restrict growth and our ability to serve our members. Almost as disturbing is the immediate impact of the proposal in our states of operation (Ohio, Indiana, and Illinois)- over 10 different credit unions would be negatively impacted by the proposal right away! Furthermore, the burden and cost of implementing the proposed regulation has not clearly been justified by NCUA, a factor which has not escaped the notice of Congress per a recent letter to NCUA written by Reps. Peter King (R-N.Y.) and Gregory Meeks (D-N.Y.), both members of the House Financial Services Committee, and signed by 173 Republicans and 151 Democrats.

Another deep concern for GenFed Financial is the proposed timeline- credit unions cannot raise capital like banks, yet banks had nine years to conform to Basel III. With some parts of this proposal being more conservative than Basel III, we have to wonder how NCUA thinks affected credit unions will comply within the eighteen month deadline. The term for imposing any changes to required capital should mirror or surpass the time given to banks to comply with Basel III.

Finally, we believe that given the increase in capital called for by this proposal, NCUA should seek authority from Congress to expand the definition of net worth to include supplemental capital. Rarely do we see members of Congress agree on anything, yet in the aforementioned letter over 300 U.S. House members of both parties expressed concern over this proposal! That alone should cause NCUA to pause and reconsider how this proposal will negatively affect credit unions initially and long-term, whether NCUA has overstepped its authority in any area under this proposal, and the implications of Congress disagreeing with the direction NCUA took towards PCA under this proposal.

GenFed Financial asks that NCUA reconsider the future impact of this proposal on credit unions and further clarify and justify the need for such a proposal as well as greatly increase the timeline for implementation and seek additional guidance and/or authority from Congress.

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

Sincerely,

GenFed Financial Credit Union, Inc.
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