



1ST GATEWAY CREDIT UNION

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Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 55314-3428

Sent electronically to: regcomments@ncua.gov
Re: RIN 3133-AD77

May 27, 2014

Dear Mr. Poliquin:

On behalf of 1st Gateway Credit Union I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rule concerning Prompt Correct Action Risk-Based Capital. 1st Gateway is proud to serve over 8,800 members in eastern Iowa and has over \$95 million in assets. As my credit union looks to its future and continued service to the community I am greatly concerned about several provisions within this proposal, especially the ambiguous authority given to NCUA examiners and certain risk-weightings. I acknowledge NCUA's dedication to safety and soundness within the credit union industry. However, this proposal does not meet its stated goals.

While my credit union will still qualify as well capitalized under the proposal I am concerned that it creates broad authority for an examiner to require my credit union to unexpectedly retain a higher amount of capital than is required by regulation. My credit union creates a strategic plan that takes into account the needs of its members and existing regulatory restrictions. Allowing an examiner additional discretion penalizes credit unions that have devoted the necessary resources to plan for long term growth and meet the current regulatory requirements. I encourage NCUA to remove this provision from any future rulemaking to ensure that credit unions can rely on a consistent set of regulations that will be applied in the same manner regardless of the specific examiner.

Additionally, I ask NCUA to adjust the proposed risk weightings and provide clarification as to why the risk weightings were assigned to certain asset classifications. For example, investments in CUSOs were given a higher risk weighting than nearly all other asset classifications with little explanation and without accounting for the benefits of investing in a CUSO. The proposed rule also does not adequately explain why risk weightings should increase substantially for certain concentrations, specifically with real-estate secured loans that are not delinquent. In order to meet the lending needs of the community 1st Gateway has diligently worked to comply with the new mortgage rules. 1st Gateway has always set underwriting guidelines to ensure the member benefits from the extension of credit. Given the recent increase of stricter underwriting guidelines and 1st Gateway's experienced success these concentration weightings unnecessarily limit the credit union's ability to grow in the products that it has devoted substantial resources to deliver properly.

A Place You'd Send A Friend

Retaining a sufficient level of capital is important for the continued success of the industry. However, this proposal does not provide the adequate framework to allow credit unions to emphasize the products and services that their individual communities need. Regulating additional capital requirements will have a significant impact on the credit union industry and I urge NCUA to take additional time to review or withdraw provisions that will unnecessarily restrict our growth or limit the benefits of our services to credit union members.

Sincerely,



Patrick Drennen
CEO/President
1st Gateway Credit Union