

From: [Penny Jarnot](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Tuesday, May 27, 2014 11:40:06 AM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Energy Services Federal Credit Union, which serves Xcel Employees and their families. We have 1451 Members and \$9221488.78 in assets. Energy Services Federal 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.

Collectively, we believe:

There is no need for the proposed system. The Agency has chosen an excessively blunt instrument that punishes too many credit unions with higher capital set-asides, especially in light of the fact that the current system held up incredibly well throughout the worst economic catastrophe since the Great Depression.

The additional capital resources required by this proposal will not only result in significantly lower levels of member service and satisfaction but will also put credit unions at a distinct competitive disadvantage relative to the nation's for-profit banking sector. This is a perverse result given the demonstrated historical conservative operations of credit unions and the role credit unions played during the downturn - both as a countercyclical force (lending as the banks pulled back) and a safe haven (taking in deposits as banks turned consumers away). In short, policy makers should be encouraging more of what credit unions do, not less and this proposal demands less.

If adopted as proposed, the rule will produce a disproportionate decline in the monetary and other support that larger CUs have historically provided to their smaller counterparts. This will put additional strain on the finances and operations of many of the nation's smaller credit unions and essentially magnify the decline in credit union service to the nation's consumers.

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

Sincerely,

Penny K. Jarnot
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