



## Members Community Credit Union

together we're better.

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

Sent electronically to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)  
Re: RIN 3133-AD77

May 27, 2014

Dear Mr. Poliquin:

I am writing on behalf of Members Community Credit Union located in Muscatine Iowa. Members Community Credit Union serves over 6,500 members and has nearly \$52 million in assets. I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) Prompt Correct Action Risk-Based Capital proposal and understand NCUA's desire to ensure the safety and soundness of the credit union industry. However, specific risk-weightings and examiner discretion contained in this proposal will severely impact the ability of my credit union to serve the needs of the community.

My credit union barely exceeds the \$50 million threshold that subjects us to this proposed rule. We serve a small community in eastern Iowa and have successfully accounted for the risk in our lending and investment practices for over 57 years. Both the member business loan and long term investment risk weightings are too heavily weighted in this proposal. My credit union has the expertise needed to understand the risks concerning member business loans and longer term investments and should not be penalized for utilizing its experience to strengthen the credit union.

As the credit union grows and our members' needs change we continue to evaluate partnerships with CUSOs to help provide additional services to members. The risk weighting for investing in CUSOs should be 100 percent rather than 250 percent. CUSOs are helpful to credit unions of my asset size to provide additional expertise and share risk. This high rating does not reflect the true risk in CUSO investments but does discourage my credit union from investing in them. I encourage NCUA to both reconsider the risk-weightings in this proposal and increase the asset size threshold for qualifying a credit union as "complex" as it is not needed for a credit union of this asset size.

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In addition to the risk weightings, allowing an examiner to subjectively require my credit union to maintain an even higher risk-based capital ratio does not allow my growing credit union to accurately plan for the future. A sudden change in capital requirements by an examiner could impact the members through an immediate decrease in dividends or higher rates for credit. It could even cause the credit union to suddenly reduce its concentration of certain products and limit the available credit in the community. I ask NCUA to remove the subjective authority of an examiner to increase capital requirements above a set ratio.

On behalf of my credit union I ask you to reconsider this proposal. Other regulatory requirements have accounted for many if not all of the concerns expressed in this proposal. These new requirements will diminish the financial services in my community and limit my credit union's ability to grow. As NCUA evaluates whether the additional capital requirements are necessary I urge NCUA to provide a longer implementation period to implement any new regulatory requirements.

Sincerely,



Tim Chapman  
CEO/President  
Members Community Credit Union