

From: [Tina Cross](#)
To: [Regulatory Comments](#)
Subject: PCA - Risk-Based Capital Comments
Date: Tuesday, May 27, 2014 3:48:30 PM

May 27, 2014

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

Re: CT Waco Federal Credit Union Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

This letter represents the views of CT Waco Federal Credit Union regarding the NCUA's proposal on PCA – Risk-Based Capital. CT Waco Federal Credit Union is based in Waco, Texas and serves multiple SEGs within the Central Texas Industrial District. CT Waco Federal Credit Union has 1326 members. CT Waco Federal Credit Union appreciates the opportunity to comment on this very important issue.

Definition of "Complex" Credit Union (Sec. 702.103)

CT Waco Federal Credit Union opposes the proposed definition of "complex" credit union. The proposal would define a "complex" credit union as ANY credit union with over \$50 million in assets. Fifty million is an arbitrary number. Asset size alone cannot define the complexity of a credit union, and there is no justification for defining complex credit unions in this fashion.

Regulatory Burden ("Paperwork Reduction Act")

The current regulatory environment is a burden for small credit unions. This proposal is one more compliance effort that will divert time from serving our members. The current proposal increases the regulatory burdens of all credit unions, even those under \$50 million in assets. This is attested to by NCUA in the "Paperwork Reduction Act" portion of the proposal which estimates the time burden for ALL credit unions to 160 hours annually. This is a HUGE time requirement for a small credit union such as this, with just four full time employees.

Subjective Determination of Higher Capital Amounts (Sec. 702.105)

As written, the proposal would allow the NCUA to increase the capital requirement of compliant credit unions on a case-by-case basis. The ability to subjectively require prompt corrective action from a compliant credit union is unjustified.

It is also possible that this authority to require an increase, or the recommendation for increase would be delegated to the examiner level. This would contradict NCUA Letter 13-CU-01. This letter addresses examination consistency and states that the "NCUA is committed to providing credit unions nationwide with examinations that are based on consistent application of principles and procedures." A case-by-case requirement, imposed

on compliant credit unions does not reflect the consistency that the NCUA is committed to.

Financial Impact

Small credit unions such as CT Waco Federal Credit Union depend upon grants, scholarships and training opportunities that are funded primarily by larger credit unions. If these larger credit unions are compelled to make changes to their loan and investment portfolios, or they are required to adjust their capital, their income levels will suffer. This may make it difficult for them to fund as many opportunities. The potential effect of this proposal will trickle down to all of us in this fashion

Extend Compliance Date

Credit unions need additional time to comply beyond the proposed 18 months. Basel III allows banks until 2019 to comply. Credit unions should receive a comparable compliance period.

Sincerely,

Tina Cross
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