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May 21, 2014

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

Re: Comments on Proposed Rule: Prompt Corrective Action – Risk-Based Capital

Dear Mr. Poliquin:

On behalf of Central City Credit Union, I am providing this information in response to the above noted risk-based capital proposal. I agree that the risk-based capital needs to be modified but not in the manner that NCUA has proposed. It would be helpful to revise it to include access to supplemental capital, develop more reasonable risk rates and include adjustments to basic leverage ratio requirements.

Basing the weighting for investments on years to maturity only captures the interest risk portion; it does not take into consideration the credit risk aspect of an investment. The weighting for a security that has a life of five – ten years at 1.50 is severe for a credit union that would be subject to this proposal. Credit unions should be following investment accounting principles and a majority of the investments would most likely be held in the available for sale category which requires market value recording of the investments.

The risk weights assigned to member business loans are too extreme, given the restriction on the percentage of member business loans compared to assets. I feel the MBL restrictions could have the unintended consequence of restricting growth in this asset class. This could be detrimental for small business members seeking loans.

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I believe that increased risk-based capital requirements for higher concentrations of residential mortgage loans are too high and exceed the capital requirements required for small banks in Basel III. A number of factors such as; type of loan, LTV and debt-to-income ratio contribute to the risk of a loan and a broad-brush approach to risk-weighting mortgages doesn't seem like an effective approach.

Deduction of the NCUSIF deposit from equity in the proposed regulation doesn't appear to be consistent with GAAP standards. This deposit should either be listed as an asset and not deducted from capital or it should not be considered as an asset.

The ability for examiners to require higher capital amounts for individual credit unions is of great concern. The capital rule should be uniform for all credit unions.

The proposed time line of 12-18 months for implementation is too short to address all of the changes that will be required should this proposal be implemented. This should be extended to allow credit unions the time to position their balance sheets accordingly. This new proposal will require additional information and changes in the call report to allow for adequate analysis.

Thank you for the opportunity to comment on the proposed regulation.

Sincerely,



Patricia Wesenberg
President/CEO



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Dear Mr. Poliquin:

I am the Board Chairman of Central City Credit Union located in Marshfield, Wisconsin and I appreciate the opportunity to share my concerns regarding your Risk Based Capital Proposal. First and foremost, I am not convinced that the need for the rule is justified. Credit Unions survived the great recession much better than our for profit counterparts and the proposed requirements are much stricter for credit unions than the Basel III requirements.

The proposed rule indicates that NCUA would assume additional authority to impose even higher capital requirements on a credit union that could exceed even well-capitalized level requirements. This is a concern for Central City Credit Union(CCCU) because there is little explanation for why or when this could occur. An arbitrary change in capital requirements could force CCCU to change its entire strategic direction.

Central City Credit Union has a large mortgage portfolio and is getting very close to our cap in MBL's. Our charge off rates for both our mortgage and commercial portfolios is very low. The risk ratings that are established in the proposal do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering liability maturities.

The NCUIF Capitalization Deposit is treated as a deduction from capital in the proposed regulation. This indicates that there is no real value in the NCUSIF Capitalization Deposit. This is contrary to GAAP and doesn't appear to be logical. If a credit unions is recording the deposit as an asset and it should count it as capital.

I am submitting these comments with the expectation that it is in the best interest of all parties; credit unions, our members, NCUA and NSUSIF, to have a strong risk based capital regulation that is consistent with sound risk management practices as well as, aligns well with strategic planning for maintaining and increasing relevance to our members and our communities.

Thank you for taking the time to read my letter.

Sincerely,

A handwritten signature in black ink that reads 'Richard Voigt'.

Richard Voigt
Board Chairman

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