

From: [Nancy Hernandez](#)
To: [Regulatory Comments](#)
Subject: Proposed Rule-Prompt Corrective Action & Risk Based Capital Rule
Date: Tuesday, May 27, 2014 5:20:47 PM

Dear Mr. Poliquin:

I would like to thank the agency for allowing credit unions the opportunity to comment on this most important proposal. I am the Compliance Officer of SC Telco Federal Credit Union, a low income credit union with over 45,000 members and \$268 million in assets. Our member base is concentrated primarily in five metropolitan areas of South Carolina.

SC Telco's March 31, 2014 net worth ratio was 11.27% with a risk based capital ratio of 15.93% calculated on the NCUA website. Our credit union has always been well capitalized and anticipates maintaining that position. However, we are troubled with several elements of the proposed regulation.

Our concerns are as follows:

1. The proposed regulation is inconsistent with the Federal Credit Union Act's requirements for "well capitalized" credit unions.
2. Credit union risk based requirements should not exceed those of the banking industry.

The risk associated with a mortgage or business loan should not be different in a credit union's portfolio versus a bank portfolio especially given how well our industry performed during the financial crisis.

3. Many of the proposed investment risk weightings appear arbitrary and higher than the actual risk.
4. The subjective opinion allowed in the Individual Minimum Capital Requirement (IMCR) provision runs counter to the rest of the proposed regulation with little guidance for credit unions to understand how it may be applied.
5. The proposed implementation timeline of eighteen (18) months is not sufficient to allow credit unions to prepare.

We urge the NCUA to take more time in developing a rule that maintains the safety and soundness of credit unions without diminishing our competitive position and ability to serve our members.

Thank you,

Nancy Hernandez, CUCE

Compliance Officer

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