

WINDTHORST FEDERAL CREDIT UNION

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May 28, 2014

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

RE: Comments on Proposed Rule: PCA-Risk-Based Capital

Dear Mr. Poliquin:

I would like to express my concerns regarding NCUA's proposed Risk-Based Capital rule. I am NOT for the new proposal and I would sincerely hope that NCUA takes a step back and seriously re-evaluates the proposal before approving this regulation. Currently, our credit union is below the \$50,000,000 threshold and under the new proposed regulation would still be considered well-capitalized, so at this time we would not be affected; but at some point in the future we could be. The strength, safety, and soundness of the credit union industry could be negatively impacted by this current proposal. My concerns are listed below.

Credit unions would have to meet both the 7% net worth standard and the 10.5% RBC. If you meet one standard but not the other, which standard is considered primary? What PCA action would take place?

The risk weighting for mortgage loans and MBLs is strictly concentration based; there is no factoring for LTV, credit rating, or credit performance. There is also no distinction between consumer loans with collateral and unsecured consumer loans.

I am also concerned that an individual examiner has the discretion to increase the risk-based capital requirement for a credit union based upon the examiner's subjective analysis. I would request that NCUA would consider removing the subjective examiner discretion entirely from the proposal. The 18 month implementation time table does not allow sufficient time for credit unions to make necessary adjustments to their balance sheet. I would also request that NCUA would consider a 36 month implementation date instead.

I respectfully and strongly encourage you to consider possible improvements to the RBC rule before it becomes regulation.

Sincerely,

Judy L Koetter
CEO
Windthorst Federal Credit Union