From:	Candy Bracewell
To:	_Regulatory Comments
Cc:	Candice Bracewell - LGE COMMUNITY
Subject:	Comments on Proposed Rule: PCA - Risk-Based Capital; RIN 3133-AD77
Date:	Wednesday, May 28, 2014 3:39:29 PM
Importance:	High

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314–3428

Dear Mr. Poliquin,

LGE Community Credit Union (LGE) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal regarding risk-based capital requirements. As a matter of background, LGE is a Georgia state chartered federally insured community CU serving over 104,000 members. This response reflects my view as CFO/SVP of LGE.

LGE supports NCUA's authority to ensure the safety and soundness of both individual credit unions and the credit union system. We do have several concerns about the Risk-Based Capital proposal regarding the potential adverse impact this proposal will have on the credit union industry nationwide; as well as LGE individually.

Under the proposal, NCUA has the authority on a case-by-case basis to increase the amount of capital a credit union is required to maintain. This authority is very worrisome. If the agency has established targets for adequate risk based capital, why the need to require more capital? NCUA has the authority to manage safety and soundness through other means such as a DOR or LUA, this additional authority in the risk based capital proposal is not necessary and could prove to be inconsistent from CU to CU.

LGE is also concerned about the proposed risk weightings. We understand that NCUA used the banking weights as starting benchmarks, but it does not appear that the unique management in the CU industry was taken into account. Many of the risk weights do not accurately reflect true risk. For example, CUSO investments are weighted at 250% regardless of type of CUSO investment or the profitability of the CUSO. These type of weightings seem to discourage opportunities for credit union growth and diversification.

Lastly, the current proposal does not take into consideration the liability side of the balance sheet. LGE has mitigated asset interest rate risk by structured mid-term borrowings. The proposed risk based capital calculation ignores these borrowings and calculates a lower risk based capital than is reality for LGE. LGE along with other credit unions entire balance sheet should be taken into account not just the asset side.

LGE encourages NCUA to reconsider the proposed rule to account for individual credit unions ability to assess risks based on our individual situations.

Candy Bracewell

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