



**Wichita Falls Teachers
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May 23, 2014

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

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

Dear Secretary Poliquin:

Thank you for the opportunity to comment on this proposed regulation. I am writing on behalf of the Wichita Falls Teachers Federal Credit Union, located in Wichita Falls, Texas. We are a comparatively small credit union, \$69 million, but most importantly, closed seg, encompassing local area educational entities.

As a whole, we recognize the need for adequate protection of all credit union functions and processes, not only to insure the success of our credit union, the NCUSIF, but primarily the member who has entrusted us with their financial stability. As a small credit union, we have done just that, weathering the past six years of financial turbulence, not unscathed, but still in excellence fiscal shape. As such, we do not believe that the current PCA Risk-Based Capital proposal will do anything to enhance our already strong stewardship. You will receive many letters comparing this new RBNW to bank requirements: I do not pretend to be well versed in all of those metrics. Here is what I do know:

The proposal defines any CU with assets in excess of \$50 million as complex. That is a broad swipec of the brush to include all CU's based on asset size alone, without regard to any particular structure.

The Paperwork Reduction Act indicates:

One-time record keeping, 122 hours: I've already spent that much time just reading and researching, without creating the actual data necessary for proposed reporting. One hundred twenty-two hours is nearly one full month dedicated to this one task, an impressive feat for a two person accounting department.

On-going recordkeeping, 20 hours: Per year? Per quarter? Realistically, this is probably per month. Please see my previous comment about available hours.

One-time policy review and revision, 20 hours: Does this mean that once our examiner approves our policy, one-time, that it will never be reviewed again? Highly unlikely.

These on-going hours could be better spent serving members, and monitoring all of the rules and regulations already in place. The NCUA website provides a way for credit unions to obtain their new RBNW, based on the 12/31/2013 5300, but does not provide an actual work sheet. It would be well received, and much more valuable, for the NCUA to provide an electronic spreadsheet that covers all asset types, with respective weights, that credit unions could use for "re-balancing" their balance sheets. Please roll out the complete wheel. **5300:** No credit union needs any further additions to the 5300 data requirements.

Risk Weighting: Briefly stated, using only maturity time frames while ignoring credit ratings, whether on loans or investments, indicates that the NCUA does not trust the time and effort already put into the granting of member loans and the purchase of investments. The resulting restricted capital negatively impacts our ability to serve members with loan needs, and the proposal effectively discriminates against our ability to place surplus liquidity in adequately yielding vehicles. I cannot put into words my distaste for the 1250% weighting of an investment that our examiner cannot understand, based on our demonstration of that asset. Additionally, there is no offsetting credit for either loan or investment portfolios that are performing well, as designed.

Do not deduct the NCUSIF balance from the numerator nor denominator. This is a valid asset already in place to protect the NCUSIF, and should not be part of the calculation. Similarly, Perpetual Contributed Capital should be eliminated altogether from the calculation, instead of being rated at 100%.

Limitation on ALLL: The proposal to limit ALLL to 1.25% should be eliminated completely. This duplicates the existing, tightly monitored, ALLL requirements, and serves only to limit further use of our capital.

IMCR Authority: I believe I am universal in stating that this part of the proposal must be eliminated. There is simply no enforceable uniformity amongst NCUA examiners to grant them a level of authority that potentially damages a credit union's strategic plan, not just in the current year, but for years after the unilateral interpretation of capital requirements.

I did find one nugget amongst the wooden nickels: It would be a welcome revision of 702.401(b) to 702.112 to eliminate the reserve account and close it out into undivided earnings.

Credit unions, along with other financial institutions, have endured the economic drama of the past six years and the subsequent slow recovery by using all available tools; adding dramatically altered risk based net worth requirements is the equivalent of adding insult to injury. WFTFCU strongly requests that this proposed legislation be significantly rethought, and be given an extended time frame for implementation, no less than 36 months.

Sincerely,



Jane D. Fitzgerald
VP/CFO

WICHITA FALLS TEACHERS FEDERAL CREDIT UNION