

## KILGORE SHELL EMPLOYEES 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

Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

This letter represents views from Kilgore Shell Employees Federal Credit Union (Kilgore Shell) regarding the NCUA's proposal on PCA – Risk-Based Capital. Kilgore Shell is located in Kilgore TX and serves Shell Employees 300 plus members and thank you for the opportunity to comment on this issue.

Kilgore Shell opposes the proposed definition of "complex" credit union.

The proposal would define a "complex" credit union as ANY credit union with over \$50 million in assets. There is nothing magical about \$50 million in assets; size alone does not make a credit union complex. NCUA has provided no justification for expanding the definition of complex credit union.

We, as small credit unions, simply **cannot continue** to survive under current regulatory burdens. This proposal is one more example of unnecessary regulatory burdens impeding the ability of small credit unions to serve our members. Although many small credit unions will not be classified as "complex" and subject to the RBC requirements, the small credit unions are indeed still impacted by the proposal.

As it is drafted: the proposal increases the regulatory burdens of all credit unions - INCLUDING those under \$50 million in assets. This is attested to by NCUA in the "Paperwork Reduction Act" portion of the proposal which estimates the time burden for each credit union (not just complex credit unions) to collect risk-based capital ratio data of:

- One-time recordkeeping of 122 hours
- On-going recordkeeping of 20 hours
- One-time policy review and revision of 20 hours

This equals over 160 hours of work \*or one full month\* for a small credit union that may only have one or two employees. *Does NCUA really think it is reasonable that a small credit union should spend a month of the year on this rather than serving its members?*

Credit unions need m o r e time to comply beyond the proposed 18 months. Basel III allows banks until 2019 to comply and Credit Unions should receive a comparable compliance period.

Sincerely,



Tammy Strickland, CEO  
Kilgore Shelt EFCU

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