From:	Kate Donovan
To:	_Regulatory Comments
Subject:	Kate Donovan"s comments on Proposed Rule regarding Risk-Based Capital
Date:	Wednesday, May 28, 2014 4:33:01 PM

Secretary Poliquin,

I am writing on behalf of Texoma Community Credit Union, which serves Wichita and 11 surrounding counties in North Texas. We have over 11,000 Members and $112 million in assets. I will begin by expressing my sincere appreciation for the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

As you are aware, credit unions are member owned and serve the purpose of best serving our respective memberships and communities. I agree and applaud the NCUA on their shared focus of protecting membership by preserving safety and soundness of credit unions. That being said, I do not see the proposed Risk-Based Capital proposal as achieving this mission. Moreover, I struggle to understand how we can best serve our membership if we are eliminating financial education programs, donations, and other services that benefit our community in an effort only to grow capital to some new arbitrary tier. Is education our membership and community, although at a price, not ultimately good for the long term success of our credit union? To further consider, if wages are held stagnant, rates are adjusted to the detriment of members in efforts to temporarily increase spreads, and fees are increased, you will see credit unions that are otherwise healthy now, lose valuable members, valuable income, and valuable employees as they struggle to remain relevant and competitive in the long term. This is basic economics when considering how price adjustments will affect total earned income.

As you can glean from my comments, I am not in favor of the proposed rule. I fear that stagnation and manipulation of assets will account for the majority of this net worth ratio growth in the very limited 18 month window proposed for credit union to achieve necessary levels. How is stagnation, slowed or negative growth, and a myopic focus on one ratio going to protect safety and soundness of the credit union industry in the long term? I implore you to take a strategic, long range view on what has been proposed.

As expressed earlier in this letter, I am in full support of the NCUA working to protect this industry that I so love. While I understand that I may be unaware of the actions of some credit unions that served as the impetus for such drastic changes (because, surely that is what is behind this?) to Risk Based Capital requirements, I ask that, if this ruling must be made, that you consider only imposing such requirements on the credit unions that pose real risk.   Moreover, I do not understand why the NCSUIF deposit is to be excluded from the calculation of RBC ratios. What rationale could there be to explain the exclusion of this capital that, upon liquidation, would be available?

Please allow credit unions that have been successful for years and continue to show no signs of strain to operate their businesses. Trust that perhaps the local economies and ways of doing business vary. Credit union models for $1 billion credit unions in the northeast, may not be relevant for $200 million credit unions in the plains. To apply such blanketed regulations across our industry implies sheer hubris on behalf of those willing to make the sweeping assumptions that back this proposal; no restrictive ruling can encompass the necessary elements to properly address such a wide array of credit unions with varying asset sizes and socioeconomic compositions.

Again, I thank you for your time, your commitment to the Credit Union Movement, and your willingness to consider all of the ramifications of imposing new risk-based capital requirements. I hope that the shared passion you will undoubtedly hear from the many writing in response to this issue will prompt you to work with and on behalf of those who have built their lives and careers around credit unions. Ultimately, I am staunchly opposed to proposed rule on risk based capital because I do not see it protecting or preserving our industry.

Respectfully,

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