Members TRUST of the Southwest 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

Sent via E-mail to: regcomments@ncua.gov

Re: Members Trust of the Southwest FCU, Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

The views in this letter are my own. I am the President of Members Trust of the Southwest FCU in Houston, Texas. I do not intend to cause any ill feelings by my comments, but out of concern for the future of this credit union and the continued reduced ability for all credit unions to serve our members in the future.

I continue to be perplexed at the position that our regulators are taking on many issues including this very important change to the structure of credit unions and the capital base that we have. To be blunt, it appears to be more governmental over-site that will accomplish very little to ensure the success of a credit union but will create restrictions on credit unions that will limit their ability to operate in a competitive environment and serve their members.

There are many arguments that could be made about the required capital calculations and if there is good economic data behind the percentages that have been assigned to different lending and investment activities. It appears from my observations, there has not been enough thought given to this process. I think the laws of unintended consequences will make this bad regulation, if it were to be implemented.

Why is this regulation even needed? With the capital requirements that we now have, it covers the risks associated with natural person credit unions pretty well. Are there exceptions? Of course there are. The main caveat to this is the

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failures of the corporate credit union structure. If you need to impose a separate set of rules for corporate credit unions than for natural person credit unions, then I would be willing to have that discussion. But why are we trying to dictate that each credit union be exactly the same? This penalty system based on arbitrary risk assignments in the balance sheet, will accomplish this over time.

As to the time factor for implementation, it almost appears that NCUA is not aware of the differences in capital accumulation between credit unions and banks. While banks can sell stock, which becomes at risk capital, credit unions can only build capital over time with retained earnings. It is a slow process for most credit unions. So, to implement a new regulation in a short time frame is not good regulation.

I think it would be good for the NCUA Board to remember credit unions were formed to serve their members and ask, does this proposed regulation really help? Does it make the credit union industry more safe and sound? I think the answer to both questions after more thoughtful analysis would suggest no.

Thanks for your time in reviewing this letter.

Sincerely,

Brian C Gilbert
President/CEO