April 27, 2015

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

Re: Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

Thank you for the opportunity to comment on the proposed Risk-Based Capital Rule.

More than eighty years ago, a small group of teachers pooled their savings to lend to others in need of credit. From these humble beginnings, Teachers Credit Union has grown to become Indiana's largest Credit Union with more than $2.6 billion in assets with branches throughout the State of Indiana and Southwest Michigan. Teachers Credit Union not only offers traditional financial services to its members, but non-traditional services such as Travel and Insurance.

Our comments focus on several areas of the proposed regulation. While this is not a comprehensive list of concerns, we are hopeful responses you have received from other Credit Unions and industry leaders have sufficiently addressed all other areas.

The second proposed rule is an improvement over the original proposed rule. However, there are multiple concerns with the proposed rule. The first concern is the definition of a complex credit union. The second is the comparison document online that has multiple references to Federal Deposit Insurance Corporation (FDIC) rules. Finally, the rule imposes higher capital requirements for different asset classes based on percent of assets.

A credit union over $100 million in assets does not automatically make them complex. This is an arbitrary number that does not take into consideration the activities and complexities of the credit union. This has the appearance of reducing the number of credit unions that have to comply with the rule for exam purposes and not for complexity.

The second concern is an attempt to replicate FDIC rules. We are a credit union not a bank. Are we to assume that the banking regulatory body has all of the answers? FDIC regulations allowed large banks to have substantial amounts of risk contributing to the last financial crisis and you want to replicate their rules. This does not seem like a prudent thing to do.

Finally concentration limits do not ensure that risk is removed from a credit union especially when the liability side of the balance sheet is not taken into consideration. Management is in a better position to identify and monitor those risks. Adding arbitrary

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concentration limits in the proposed rule does not remove risk. Risk mitigation is far more complex than applying an industry standard. Management, working with the institutions examiner to measure and develop a risk mitigation strategy tailored to the individual institution, is far more effective than arbitrary limits instituted nationwide.

This proposed rule is better for Teachers Credit Union. Although we do not believe it is needed and think it falls short of addressing desired goal of having adequate capital in the credit union system.

We appreciate the opportunity to submit our comments and thank you for your time and consideration.

Sincerely,

TEACHERS CREDIT UNION

Todd C. Brown
Senior Vice President and
Chief Financial Officer