3RIVERS®

June 20, 2019

Mr. Gerard Poliquin
Office of General Counsel
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Proposed Rule – Compensation in Connection with Loans to Members and Lines of Credit to Members

Dear Mr. Poliquin:

I write in response to NCUA's advance notice of proposed rulemaking (ANPR) on NCUA's regulation limiting compensation of senior executives.

(b)(8)

Therefore, 3Rivers management recommends the following:

FCUs should have the latitude to develop individualized standards for executive compensation that are designed to meet their strategic objectives and their unique business models. Credit Unions have increased in size and complexity reducing the likelihood that no one executive/senior management or small group of individuals could influence a single metric without the appropriate mitigating controls coming into play. The increase in size and complexity makes it easier to deploy and monitor more complex, balanced compensation plans for FCUs of at least moderate size. If a FCU fails to maintain oversight and effective management of an individualized plan, the NCUA could provide individualized guidance. The one-size-fits-all approach of the current regulation is no longer appropriate.

The current rule takes into account only one piece (loans) of many factors that a FCU needs for long-term success. Compensation plans should be balanced to include multiple performance factors rather than limiting compensation plans by focusing on one category of risk. Loan growth as a factor for compensation could be balanced with asset quality, regulatory compliance, and member best interest.

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When lending is part of a balanced, comprehensive plan it will promote safety and soundness, not impair it.

Sincerely,

Donald P Cates, CEO
Three Rivers Federal Credit Union