

From: [Amanda Munier](#)
To: [Regulatory Comments](#)
Subject: NCUA Risk-Based Capital Proposed Reg
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Prompt Corrective Action Risk-Based Capital Comment Letter

I am writing on behalf of White Crown Federal Credit Union, which serves various membership groups such as the oil and gas industry, media and individuals living, working or worshipping in Downtown Denver. We have 6,400 members and \$58 million in assets. White Crown FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

I do not believe the changes proposed in this rule are necessary as credit unions do not need to be viewed the same way as banks. Credit unions have had the current measure of capital in place for many years and have suffered far less losses than the banking industry who uses the risk-based capital approach. Furthermore, if a credit union has proven to be stable enough to survive through the recent economic environment, why would it now be punished for using the same strategies that got them through the storm including mortgage-backed securities and real estate loans for income?

To continue, the subjectivity allowed by the rule for examiners is most concerning. For a rule that is attempting to make credit unions more comparable, why is it that examiners can attempt to quantify qualitative factors to add an individual credit union's required capital? While I respect the agency experience tendered by examiners, it allows for too much room for error and inconsistencies. I recommend the elimination of individual minimum capital ratios from the rule.

My two largest concerns regarding the details of the rule are both in the denominator area. First, is the penalty for our perpetual capital in our corporate credit union. The corporate credit union network is essential to credit unions under \$250 million. I recommend to weigh corporate perpetual capital at 100% instead of 200%. Second, is the 250% risk weight for CUSO investments. The maximum amount of loss for the investment would be the principle making 250% an unreasonable weight. Moreover, CUSO's are formed in the spirit that credit unions were founded – for collaboration and cooperation. Why would credit unions be driven away from joining together to compete against big banks, and strengthen the industry?

Our credit union needs our capital to be able to grow and offer a full set of products and services to our members. Having to hold more capital when we are just as much of a risk to the insurance fund now as we will be after the rule is in place does not make sense. Additionally, we are currently helping our members largely through first mortgages and member business loans. How can we explain to them that we have to stop because of penalties that are not specific to our credit union? I believe this alone will drive members to banks and outside of our industry.

In summary, given the significantly lower loss figures of the credit union industry, we should move away from attempting to be viewed as banks to avoid the risk of causing more harm to the insurance fund. If this risk-based capital system did not work as well as a predictor of failure for banks, we cannot model after it for credit unions. The burden of building significant additional

capital will cause credit unions to do less for their members. Adding capital will become even more difficult to do with being penalized for investing in asset-backed securities and investing in CUSO's to help us compete. Finally, examiner subjectivity without grounds for individual appeal will lead to unfair and inconsistent application of the rule.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

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