



May 16, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke St
Alexandria, VA 22314-3428

RE: RIN 3133-AD77; PCA – Risk-Based Capital

Dear Mr. Poliquin:

I am writing regarding the proposed Risk Based Capital rule. Given that the industry has just successfully passed a real life test of our financial wherewithal, we find it difficult to justify the need to require even more capital.

The credit union industry performed remarkably well during extremely difficult economic times. We continued to serve members when other financial institutions were backing away. Our relationship with our members over the years supported prudent lending. We acknowledge there were a small percentage of credit unions that took on too much risk. Looking back, that could have been addressed with existing rules and regulations had sufficient examiner oversight been in place.

We are deeply concerned that the proposal would allow an examiner to arbitrarily impose higher capital requirements on a credit union without concurrence by the Regional Director and NCUA Board. An examiner that subjectively imposes a higher capital requirement could trigger other onerous regulatory requirements on the credit union without additional oversight.

Higher capital requirements impact credit unions more than other financial institutions because we are limited in how we can raise capital. We will be required to have higher than necessary net income in order to build capital. We need to be allowed to utilize our resources to our members' benefit.

Assuming you will move forward with some type of Risk Based Capital requirement, please extend the timeframe to avoid the disruption that a quick implementation will cause.

Thank you for the opportunity for us to provide comments to this proposal.

Sincerely,

A handwritten signature in black ink that reads 'Peter Paulson'.

Peter Paulson
President / CEO