



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

RE: RIN 3133-AD77, Prompt Corrective Action Risk-based Capital Comment Letter

Dear Mr. Poliquin,

I am writing on behalf of the members of Mission City Federal Credit Union, which serves the employees of the City of Santa Clara and the faculty, staff and students of Santa Clara University. We have 4000 members and \$75 million in assets. I appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

I have several concerns with the regulation as published, but feel that these principal questions have not been answered by the NCUA's proposal;

- 1) Why are the proposed weights for credit unions higher than the Basel III weights for small banks? For example, the Basel III weighting for investments is a flat 20%, while the NCUA proposed weightings range from 20% up to 200%. And, Basel III uses a 50% weight for first mortgage loans while the NCUA's weights are 50% up to 100%. Why are credit unions being penalized and held to a higher standard than small banks?
- 2) Why is the implementation period only 18 months when banks have up to nine years? While the vast majority of credit unions are well capitalized now and would remain well capitalized under the proposed regulation, this proposal is a sweeping change to the way that credit union's capital is measured. All credit unions deserve a reasonable opportunity to adjust their strategic plans and balance sheets to the new reality. Again, why are credit unions being penalized by the short implantation period?

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

Respectfully,

Dean Birge  
Controller  
Mission City Federal Credit Union