



1460 Broad Street, Bloomfield, NJ 07003

May 28, 2014

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

RE: Comments on NCUA Prompt Corrective Action –  
Risk-Based Capital Proposed Rule

Dear Mr. Poliquin:

On behalf of the Board of Directors and Management Staff of XCEL Federal Credit Union (XCEL), I am writing to you regarding the proposed rule on Prompt Corrective Action and Risk-Based Capital (RBC). In reviewing the proposal, and the multiple comment letters from the Credit Union industry, we at XCEL are shaken at the potentially devastating effect this proposal will have on us, the credit union industry, the American consumer, and our nation's small businesses.

We ask you to strongly consider the comments posted by former Senator D'Amato and former Speaker Gingrich, when they point out that your proposal is contrary to the language and intent of the 1998 Revisions to the Federal Credit Union Act. Many other current and former legislators have expressed similar concerns to you, challenging the legality of your proposal.

XCEL concludes, as have others, that if your RBC proposal is implemented, it would put us at a significant competitive disadvantage to banks here in the Northeast. The rule is based on a poorly designed "one-size-fits-all" concept and would stifle our growth, potential innovation, and diversification. We ask the NCUA Board to withdraw the proposal or alternatively make major modifications to the proposal before any rule is finalized.

The proposal's RBC ratio for well capitalized credit unions is set at 10.5 percent. This increase to current PCA limits of 7.0 percent cannot be supported by the arbitrarily weight limits assigned to concentration risk components. We urge that you lower the risk weights to more accurately reflect risks associated with our credit union's specific assets. We further urge NCUA to defer to the industry suggestion of a joint committee made up of NCUA and Credit Union leaders to review and create a more realistic threshold and rational for PCA.



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Under the proposed rule, XCEL will be faced with many difficult decisions when attempting to reach the RBC ratios stated. We face the possibility of having to divest ourselves of profitable assets that, under your rule, are more heavily risk weighted in order to generate higher retained earnings your proposal seeks from us. We feel that in the current economic climate, this would be virtually impossible to accomplish and fulfill our mission of serving our members under the credit union model.

We hope you will consider our thoughts as you review and hopefully revise your RBC proposal.

Sincerely:

Daniel H. Moffit  
**CHAIRMAN, Board of Directors**

XCEL Federal Credit Union Board of Directors:

**VICE-CHAIRMAN**  
Joseph Tolciss

**TREASURER**  
Salvador Schiano

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**DIRECTOR EMERITUS**  
Tom Doogan

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