



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

April 24, 2015

VIA ELECTRONIC DELIVERY: regcomments@ncua.gov

RE: Prompt Corrective Action – Risk-Based Capital; RIN 3133-AD77, seconded proposed rule

Dear Mr. Poliquin:

Per NCUA's request, I respectfully submit the following comments for the Board to review in consideration of modifying the proposed RBC regulation.

I would like to thank the NCUA board for the changes that were made from the original proposal, specifically:

- Lowering the limit to 10% to be considered well-capitalized
- Extending the implementation period to 1-1-2019
- Removing interest rate risk as a factor in determining RBNW
- Improved risk rate percentages for CUSOs

While the need to make changes to the current system appears unnecessary, it appears NCUA is still determined to change the current RBC structure; I am compelled to share my following concerns:

- 1) Share secured loans are now risk rated at 20%. While I understand there may be a slight risk of the share account funds to be released in error. The likelihood of this happening very remote and would occur in rare instances. Therefore, the risk rating on share secured loans should be at 0%.
- 2) First Mortgage Real Estate loans greater than 35% are risk weighted at 75% compared to banks rating of 50%.
- 3) Risk weights on certain types of loans continue to have concentration escalators and it is unclear as to what empirical evidence these types of concentrations had caused losses to the NCUSIF during the Great Recession.

In addition to my comments on the RBNW proposal, you have also requested input on interest rate risk. In my opinion, no additional proposal is necessary as the current NCUA exam process already provides general guidance and measurement of interest rate risk. Any additional requirements are not necessary.

Thank you for the opportunity to comment on this proposal. It is my sincere hope that NCUA will consider the viewpoints of all credit unions and make additional changes to ensure the safety and vitality of the credit union movement for future generations of Americans.

Sincerely,

Patrick J. Pierce, CCUE
President/CEO