From:	Todd Cover
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Monday, March 17, 2014 12:30:06 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of USSCO Johnstown Federal Credit Union, which serves 900 Select Employee Groups. We have 12,000 Members and $101,000,000 in assets. USSCO appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

As an industry, I believe we have just come through the worst financial crisis this country has ever seen with flying colors. My concern is that in requiring larger amounts of capital for the industry there needs to be much more thought and time put into this major policy proposal. Unlike our Banker friends, we have no way to raise capital with out merging or suffering from significant regulatory scrutiny. Are there other options in raising capital? Let's give well run Credit Unions the opportunities to survive. In some of the depressed, lower income markets, you might have other financial institutions consolidate, close down or merge that could create unwanted shares flowing into the institution adversely affecting the Credit Union with no way to combat that share growth.

My concerns mirror that of CUNA's and are detailed below.

•NCUA has not justified the need for the rule adequately;
•NCUA would assume additional authority to impose even higher capital requirements on individual credit unions that could exceed even well-capitalized level requirements;
•NCUA would require covered credit unions to subtract good will from net worth when calculating their risk based capital requirements (note: this is consistent with Basel III);
•NCUA would also require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation;
•More credit unions than NCUA has indicated would be impacted as their net worth would fall to just barely over well-capitalized or adequately capitalized levels;
•More time is needed for the rule to be phased in;
•A number of the risk weightings, especially for member business loan and mortgage concentrations as well as for CUSO investments, do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering liability maturities.

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

Sincerely,

Todd L. Cover, CEO
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