I am writing on behalf of Wasatch Peaks Federal Credit Union, which serves communities of Weber, Davis and Morgan Counties in the State of Utah. We have 30,401 Members and $260,541,582 in assets. Wasatch Peaks Federal Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

How would your credit union be affected by the proposal? At the end of December 2013 we would become an adequately capitalized Credit Union. We would go from having a cushion of 2.68% (9.68% to 7.00%) over the 7% well capitalized to being adequately capitalized -.70% (9.80% to 10.50%). It seems crazy that you can take a credit union that is well capitalized by 2.68% cushion and make regulation that would make it adequately capitalized by -.70% and this after it made it through the Great Recession with very minor problems.

Do you agree this new proposal is necessary? I understand the reason why NCUA would think that it is necessary. If Credit Unions are doing loans or investments that have higher risks then that should be considered. I also believe that over regulation will stifle an industry and hurt it as fast as poor underwriting, risky investments, and loan types. I believe that it is very difficult to throw all credit unions in the same category. Alliance Credit Union, before we did some strategic mergers and became Wasatch Peaks Federal Credit Union, went through the financial meltdown of 2008 without a mortgage loss while other credit unions were being liquidated because of their mortgage lending. Now why should my credit union have to suffer for the underwriting mistakes of others? It would seem that there should be consideration of past history performance and current exam information to determine some risk levels rather than treating us all the same.

Do you agree NCUA should be able to impose higher capital requirements on credit unions on a case by case basis? No, It worries me that NCUA would be able to set individual minimum capital standards using subjective criteria based on the agency's expertise that would override all of the objective measurements established elsewhere. There is no check and balance on this regulatory power.

Do you agree with the risk weightings for:

- MBLs No
- Mortgage Loans No
- Longer-term investments No
- Consumer loans No
- CUSOs Investments and Loans No
- Others (Please identify)

Should the NCSUIF deposit be excluded from the calculation of RBC ratios? If it has a value according to FASB and GAAP then why would it ever be taken out of the numerator? When it fails to have a value then it will be written down according to accounting rules then it becomes a non-issue.

Should goodwill be excluded from the calculation of the RBC numerator? We made a strategic decision to merge with 2 other credit unions in the area. We felt along with the management of the other credit unions that it was important to pool our resources and consolidate our expenses to be able to get larger and put ourselves in a better position to compete in an area that is very competitive. By doing this we incurred Goodwill. This Goodwill is valued on an annual basis by a third party accepted by NCUA to ascertain that there is value. With the Goodwill our

RBNW would be well above the 10.50% level. Without it we drop below the 10.50% needed to be well capitalized. If the Goodwill is ever valued lower than the current amount then according to GAAP we will have to write it down so why not just keep it in the numerator until that happens?

Summary of your position:

I believe it is vital for credit unions to have an ongoing dialogue about capital. Every credit union management team monitors performance and adjusts goals periodically based on judgments about future needs and opportunities. Capital Adequacy is a dynamic process, not a static ratio outcome. The most important issue for credit unions is not how much capital is enough, but rather how do they invest capital to best serve their members. Twenty Four years ago when I started in the credit union industry I attended a Financial Management School where we broke into groups and did a credit union simulation trying to achieve goals that we had set as a group. At this time Capital was King to NCUA also so I convinced our group that we should do everything we could to raise our capital ratio and that should be our number one goal. We accomplished this but we had a very poor performing credit union compared to the rest of the class. I learned from this exercise that capital is not king but growing assets and income were the most important things management can do for the good of the credit union.

Although I oppose this proposal it is nonetheless vital for the credit unions to have an ongoing dialogue about capital. Every credit union management team monitors performance and adjusts goals periodically based on judgments about the future needs and opportunities. Capital adequacy is a dynamic process, not a static ratio outcome. The most important issue for credit unions is not how much capital is enough, but rather how do they invest their capital to best serve their members.

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