From:	Brian Hughes
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Monday, April 07, 2014 1:01:13 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Sun Federal Credit Union, which serves over 200 sponsor groups and several under served designated regions. We have over 30,000 Members and currently 450 million in assets. Sun Federal appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Sun Federal has always believed in our mission of people caring about people so we try to return the maximum benefit to our members in service and money. We have low operating expenses including our provision for loan loss. We have a high yield on investments. We use the economic horse power from these balance sheet atributes to be a premier mortgage lender, be a low fee provider and pay out high dividends.

This economic model inherently has a high amount of interest rate risk associated with it but we have worked hard over the years to agressively and strategically model and manage this risk.

We also use capital based budgeting with a goal to keep just enough capital to be at least 150 basis points over our required net worth and return the rest to the member. This has been especially difficult to do recently while contributing 2.7 million dollars to the stabilation fund. This new proposal in its present form would completed eliminate our model for member service. Suddenly we go from a nice buffer in capital to well below the newly proposed required capital. A complete restructuring of our balance sheet or a massive infusion of capital would be needed with little time to do it.

In addition to the concerns raised regarding implementation time, the risk based weightings not on parity with the bank requirements, goodwill and the insurance fund deposit elimination and the discretionary power of field examiners to impose even higher capital requirements we have another concern.

If another credit union had the exact same balance sheet as we do but had all member share deposits in core while we strategically have over 50% of our share deposits in longer term certificates (3 to 10 years) with stiff withdrawal penalties we would be required to have the same amount of capital. We intentionally attract certificates so we can channel more dividends to our members and these longer term share committments mitigate a great deal of risk from longer term assets. These liabilities should be recognized as an offsetting factor in calculating the IRR of a balance sheet and its resulting required capital. This is foundational to our strategy and mission over many years.

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

Brian W Hughes
Vice President of Finance, Wealth and Business Solutions.

Sincerely,

Brian Hughes
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