From:	Maurice Simard
To:	_Regulatory Comments
Subject:	Risk based capital
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Hello

While the concept of risk-based net worth could be beneficial, the proposed rule will have significant negative effects on our credit union if it is implemented in its current form. The need for the proposal is unclear. The purpose of capital standards and a system of prompt corrective action (PCA) is to minimize losses to the deposit insurance fund. The National Credit Union Share Insurance Fund (NCUSIF) has performed very well, under current PCA rules, without a cost to taxpayers. Moreover, credit unions have emerged from the most recent crisis well attributable, in part, to local lessons learned from the real estate downturn in the 1990s. Lending done properly is our best investment. Credit unions with higher concentrations of loans, underwritten responsibly, were better able to withstand the economic crisis and low rate environment than credit unions that had higher concentrations of investments. The proposed rule punishes credit unions for good loans.

The beginning for a better regulation would be to consider the following:

Tie any risk-based capital requirement to the adequately capitalized level (consistent with the Federal Credit Union Act), instead of the well capitalized level;

Improve risk weightings for mortgages, business loans, mortgage servicing, and long-term assets;

Eliminate the provision allowing for additional case-by-case capital requirements; and

Extend the transition period significantly.

Please eliminate this proposal or at the least modify it significantly.

Thank You

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