From:	Scott MacKnight
To:	_Regulatory Comments
Subject:	RIN 3133-AD77 - PCA-Risk-Based Capital
Date:	Monday, April 21, 2014 3:55:04 PM
Attachments:	image001.png

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Dear Gerard Poliquin,

Risk-based net worth could be beneficial to credit unions but the current proposed rule will definitely have a negative impact on us in its current form. 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 has performed well under current PCA regulations. 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. 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 continues to persecute credit unions with a large loan portfolio.

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.

Over the last several years credit unions continue to be required to modify their policies and procedures to address issues at a national bank level. Please modify this proposed ruling so we can serve both our members and the US population.

Thank you,

A. Scott MacKnight
Triangle Credit Union
VP of Finance/Controller
603.889-2470 ext. 2711