From:	Carl Stewart
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Monday, April 21, 2014 1:51:36 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Water and Power Community CU, which serves the Los Angeles community. We have 32,000 Members and $520MM in assets. WPCCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

While our RBC ratio is 15.25%, our organization opposes the proposed RBC rule as it is currently written for the following reasons:

• NCUA would assume additional authority to impose even higher capital requirements (after the initial capital regimen is implemented) on individual credit unions that could exceed even well-capitalized level requirements;
-NCUA could change the capital requirements from the time. This creates an unacceptable level of uncertainty for CUs to make long term business decisions.
• NCUA would also require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation;
• More time in needed for capital to be raised by CUs when the rule triggers a threshold. Moreover CUs need a reliable resort to raising capital whether from retained earnings or a secondary capital source.   Note that secondary capital powers currently are not available to us. NCUA should consider using a 36 month pro rata phase period when a CU is required to meet capital requirements at the lower echelons. This time easement is vital to making this proposed rule workable.
• 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.

For the reasons sighted above, WPCCU opposes the proposal as it is currently written and we advocate for key amendments to be enacted. We envision ourselves being hampered from meeting member needs and being continually tasked with adding and subtracting assets in order to meet capital requirements.

Lastly, we applaud NCUA in taking a progressive initiative to enact a rule similar to world banking standards (BASEL). Credit union will benefit from this modernized approach. In the end though, risk based capital would be best handled through a legislative action to create a statutory basis.

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

Sincerely,

Carl Stewart
1053 W Sunset Blvd
Los Angeles, CA 90012