From:	Donna Bullard
To:	_Regulatory Comments
Cc:	"Kieran.Marion@MCUL.org"
Subject:	PCA-Risk Based Capital RIN 3133-AD77
Date:	Monday, April 28, 2014 12:48:46 PM

Dear NCUA,

We have always been conscious of the necessity of maintaining a strong, well capitalized and fiscally sound credit union at our institution. It is also recognized that our regulators serve a valuable and necessary role in preserving strong institutions. However, in reviewing the NCUA Risk Based Capital proposal I find many areas that are not only disturbing but unsettling to our credit union system as we know it. Our Credit Union, by today's standards, is considered a smaller credit union at $60M in assets. While we have always been conservatively managed and adhere to the philosophy of strong internal management, strong Board governance and attention to policy and procedures, I am uncomfortable with where this proposal may take our entire credit union network. We have fought the continually to remain relevant to our community, growing our assets and loans and have not succumbed to the seemingly endless progression of the merging of healthy credit unions just to become larger rapidly. While reading this new proposal I am struck by the thought that perhaps this is a push to all the well capitalized and community supported credit unions to reconsider the options that are so available to healthy credit unions to merge. This is not my, nor our Board's, strategic plan for this credit union.

Our credit union would currently remain well capitalized under the proposed changes however it would most likely hinder growth in some areas in our community due to the restrictions and ratios applied to mortgages, investments and SBL's.

In the post "Great Recession" era I wonder why now NCUA feels the necessity of imposing these kinds of additional stresses upon our credit union system as a whole. The credit unions that remained strong and viable during that time have proved their abilities to survive without these additional proposed regulations.

Also it has been our observation and our experience that CUSOs have been extremely successful in helping credit unions generate net income and the very capital that NCUA seeks. We want to share those observations and experiences.

We have been using a CUSO, CUAnswers for our data processing for over ten years. This company has brought innovative and well researched opportunities to credit unions such as ours in areas that we would never have been able to take advantage of on our own. They care about credit unions! We have become an investor in this CUSO and have had returns on our investment that exceed any others that we hold. These returns are obtained because of the well run organization and the attention to detail that they maintain to their business model. Our credit union has been fortunate to belong to this CUSO and has been able to grow services and help members in ways that would not be possible without its existence

Unlike under the existing statutory net worth rules known as Prompt Corrective Action (PCA) regulations, credit unions will no longer have clear rules by which to run their credit union to avoid prompt corrective action by their regulatory agency. NCUA can "move the goalposts" any time they want. Why have any tables of risk rating if the levels can be changed on a credit union by credit union basis?

This proposed section invites inconsistent and potentially arbitrary applications of rules. To provide the clarity of capital and net worth expectation that a credit union board and management team must have in order to make strategic business and fiduciary decisions, subjective standards must be eliminated. Therefore, in our view, Section 702.105(c) should be deleted in its entirety.

It seems that by implementing this structure of Risk Based Capital, credit unions and their CUSOs will once again be penalized and the members which we are chartered to serve will be hurt in the process. Let's please rethink this and make sure that we aren't implementing and harming more credit unions and their members with actions that aren't necessary.

Sincerely,

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