PLATINUM FEDERAL CREDIT UNION

February 10, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

**Platinum Federal Credit Union**
**Charter: 24631**

**Commentary Regarding NCUA Risk Based Capital Proposal 12 CFR Parts 700, 701, 702, 703, 713, 723 and 747**

Thank you for the opportunity to comment on the Proposed Rule on Risk-Based Capital. PFCU is a $55 million asset federally-chartered and insured credit union headquartered in Lilburn, GA.

We support the NCUA's effort to develop a risk-based capital ratio that arrives at the required level of capital based on the unique risks of each credit union. We believe it is appropriate to have a combination of a risk-based capital ratio and a one size fits all minimum leverage ratio (e.g., the net worth ratio) at its current level.

However, we have some serious concerns with the proposal. It includes many inconsistencies and weaknesses, including but not limited to: treatment of perpetual capital in corporate credit unions, ability to require capital in excess of minimum requirements, etc.

**Perpetual Capital in Corporate Credit Unions**. There is no argument that there were some inherent risks that the Corporate Credit Unions were taking to maximize yield on investments and Regulators overlooked the risks associated with such investments while performing annual exam of corporate credit unions for several years. Since then NCUA has restructured the capital and other requirements of Corporate Credit Unions to avoid issues in the future and also made changes in permissible investments by corporate credit unions. After going through the three to five years of transition in corporate credit unions, NCUA is penalizing the credit unions who are trusting again in corporate credit union system by increasing the risk weights of perpetual capital investment by credit union in corporate credit union to become its member. Most of the corporate credit unions started requiring credit union to participate in perpetual capital, to satisfy the NCUA requirement of higher capital by corporate credit unions. It does not seem fair for NCUA to double dip by requiring corporate credit unions to increase capital and also penalizing the credit unions for helping them achieve the desired capital. In essence, NCUA is diverting credit union to use Larger Banks as their partner and not corporate credit unions as they will be penalized in RBC for being member by participating in perpetual capital.

**Excess Minimum Capital Requirements**. The reason to move to Risk Based Capital is to incorporate various risks in the model which in certain category has been pushed further than necessary. NCUA also has the examination process to contain other risks not covered under RBC, rather than through requiring excess capital. If the NCUA determines a credit union is taking excessive risks, regulation of those excessive risks should be dealt with in the examination cycle, via progressively stronger exam findings, DOR, LUA, etc. Although we don't see the need for Excess Minimum Capital Requirements at the Discretion of NCUA examiners, we would at least like to see a CAP on the maximum capital requirement from 10.5% to ????. Under no circumstances this should be left completely open to examiners discretion. We cannot be informed one fine day that our new Minimum Capital Requirement is 25%. As mentioned above if this is really a necessity we feel the CAP should not exceed 12.5%.

Given the recent history of credit unions thriving in the downward economy, it makes little sense that these capital requirements in its current form to be proposed. We respectfully request that NCUA take a look at this proposal again and strongly consider the detrimental effects that it could have on the credit union industry as a whole.

Respectfully Submitted,

Kabir Laiwalla, CEO