From:	Bradley Harvey
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Monday, May 12, 2014 6:10:07 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Horizons North Credit Union, which serves Adams 12 Five Star Schools and other SEGs in the northern suburbs of Denver. We have 8,000 Members and $70M in assets. Horizons North Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Our credit union currently meets the proposed standard for Risk-Based Capital. However, due to the ongoing negative economic conditions in our country, we have had to hold more loans, mortgages and commercial loan participations, that require a higher level of net worth. When margins are currently thin and to remain competitive in our services, we have to incur higher operating expenses, the return on these loans produce higher income than the meager returns on deposits and permissible investments. So it is conceivable that we could bump up against the standard in the foreseeable future. This would leave us with little alternatives to serve our members.

We can understand and appreciate the need for Risk-Based Capital standards. But other regulators have given far more time and more study in the setting of standards. Additionally, with credit unions unable to raise capital through any means but net income, the situation becomes that much more complex and requires greater analysis and time for implementation. Banks had many years to adjust their balance sheets to meet their requirements. Do credit unions deserve any less time?

Our credit union board and management believe that the requirements for credit unions should be on an objective standard and not left up to individual regulators to decide if higher capital requirements are necessary on a case by case basis. Any exceptions to standard requirements should be included in the regulation.

As previously mentioned above, we think that more study on the specifics of the regulation needs to be done. One of the areas of study needs to be on the specific risk weightings for MBLs, Mortgage Loans, Longer-term investments, Consumer loans, CUSOs Investments and Loans, and other contemplated items. Many of these are the bread-and-butter offerings of credit union to serve the needs of their members, and haven't exhibited the historical need for more capital.

One item that we think should be excluded from the calculation of RBC ratios is the NCSUIF deposit. Since this is required of every credit union and is supposedly secure by the NCUA itself, why would this be covered under the proposal?

As we mentioned above, the implementation time line is too rushed without a good reason. Bank regulators studied the issue for much longer, and gave banks much, much more time for compliance than your agency is proposing for credit unions. We think that credit unions deserve the same consideration in the drafting and implementation of this rule.

In summary, while we can understand the need for a Ris-Based Capital rule for credit unions, we believe that more study is needed. When a well-reasoned and well-crafted rule is adopted, credit unions be given adequate time to adopt plans to reposition their balance sheets to comply with rule.

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

Sincerely,

Bradley H. Harvey, President and CEO
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