From:	shon@ccush.org
To:	_Regulatory Comments
Subject:	Comments on Proposed Rule: PCA - Risk-Based Capital; RIN 3133-AD77
Date:	Monday, May 12, 2014 6:31:40 PM
Attachments:	myLetter.pdf

May 12, 2014

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rule: PCA - Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

I am writing on behalf of Community Credit Union of Southern Humboldt, which serves a geographic community. We have 5200 Members and $67,000,000 in assets. CCUSH appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk-Based Capital.

Our issues are basic: Individual Minimum Capital Requirements and Regulation Parity with FDIC.

Individual Minimum Capital Requirements

The proposed rule gives NCUA discretionary authority to require higher capital for individual credit unions based on an opinion. This subjective portion should be removed from the rule. Capital requirements should be based in fact and formula. Subjectivity is a dangerous weapon to hand over to an examiner.

If not eliminated altogether, an examiner should recommend any adjustment to capital requirement (in concurrence with the State's Department of Business Oversight as appropriate) to the Regional Director for review and concurrence. If the Regional Director concurs, the recommendation must then be referred to the NCUA Board for final approval. In all cases, there should be an independent appeals process.

Regulation Parity with the FDIC

A move towards risk-based capital is appropriate, but we feel very strongly that the requirements for credit unions should not be more restrictive or punitive than they are for the U.S. banks or any other financial institution in the world under the Basel III framework. The lack of regulatory parity with Basel III places credit unions at a competitive disadvantage and will only further to limit the impact credit unions can have in providing lending their members and communities. Further, FDIC appears to understand that building capital can be challenging in any environment and, therefore, has allowed six years for banks to comply. The proposal regulation only affords credit unions eighteen months to comply which is an outrageous hardship without the benefit of secondary capital.

In summary, CCUSH believes that this proposal is not ready for full consideration and should be withdrawn for revisions and re-considerations.

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

Sincerely,

Shon Wellborn
CEO
Community CU of Southern Humboldt

cc: CCUL