

From: [Brian Rohrbacher](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Thursday, May 15, 2014 6:30:07 PM

Dear Secretary of the Board Poliquin,

May 15, 2014
Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Risk Based Capital Rule

Dear Mr. Poliquin and Members of the Board:
Atlantic City Federal Credit Union appreciates the opportunity to comment on the National Credit Union Administration's proposed rule changes to the Prompt Corrective Action Rule – Risk Based Capital. Atlantic City Federal Credit Union is a Federally Chartered Credit Union in Wyoming serving 10,000 members with assets of over \$110 million.

ACFCU leadership recognizes that there needs to be some modification to the capital and net worth rules. When reviewing these changes we must consider what the costs will be to the credit union and its members, is this the right time for the change, and is NCUA's Risk Based Capital proposal the correct solution.

During the mortgage crisis and recession ACFCU fared quite well. Under NCUA's proposed rating system, ACFCU would remain well capitalized. If the proposal was adopted in its current form ACFCU would lose 39 basis points in its capital level and our capital cushion would shrink by over \$417,000 from well capitalized levels.

Unlike banks, credit unions must depend on net income for capital growth. In order for ACFCU to recover the above capital levels, management and board will have to do one or all of the following 1. Restructure our balance sheet, 2. Increase rates and fees, and/or 3. Slow asset growth. All three of these situations have a negative effect on our members and credit union. The increased RBC proposals will force ACFCU to either discontinue or decrease our mortgage lending and business lending programs. This will force members to other financial institutions for these services.

For the following reason, and those stated above, ACFCU strongly opposes the NCUA's Risk Based Capital Proposal. 1. ACFCU believes this RBC proposal puts credit unions at a complete disadvantage with our profit-driven counterparts. 2. The proposed leverage requirement is 40% higher than comparable requirement on community banks. 3. The proposal does not address credit unions inability to quickly raise capital. 4. According to Alfonse M. D'mato NCUA does not have the authority and responsibility to adopt the rule as drafted. 5. The proposed time frame for implementation is simply not enough time to make the changes necessary to be in compliance.

I would urge the NCUA to sit down with credit union leaders and trade associations to compile a system which addresses appropriately credit union capital needs without having adverse impacts on natural person credit unions and their members. If this proposal succeeds I believe credit union leaders will be managing the regulation not the needs of our members.

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

Brian C. Rohrbacher
President Atlantic City Federal Credit Union

Sincerely,

Brian Rohrbacher
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