

From: [Charles Murphy](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Thursday, May 15, 2014 4:40:53 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Pittsburgh City Hall Employees Federal Credit Union, which serves the municipal employees of the City of Pittsburgh and their families.

We have 3,221 Members and \$48,571,863 in assets. Pittsburgh City Hall Employees Federal 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.

The imposition of this proposed rule would cause our credit union to immediately drop from being well-capitalized to only adequately capitalized because of the severe risk-weighting applied to US Government Agency Mortgage Backed Securities.

We invest in US Government Agency Mortgage Backed Securities to strengthen our balance sheet and provide safety. They are backed by the US Government as a direct or indirect obligation. Our credit union heavily relies on these types of investments to increase our income and net worth to remain financial strong for our members.

The proposed rule risk weight for a 5 year US Government Agency Mortgage Backed Security is 150% and for a 10 year 200%.

The Basel III risk weight for these same investments is only 20% because they are considered safe.

Why does this proposed rule consider these US Government Agency investments 7.5 to 10 time riskier than Basel III?

Also, the proposed rule considers these 5-10 year US Government Agency Mortgage Backed Securities risk weighted at 150-200% more risky than delinquent real estate loans and foreclosures that are risk weighted at only 100%. This does not make any sense.

In summary, US Government Agency Mortgage Backed Securities obviously have less risk than the new rule imposes and they should be lowered to 20% just like Basel III.

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

Sincerely,

Charles Murphy
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