May 16, 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 SLO Credit Union, which serves those who live, work, worship or attend school in San Luis Obispo County. We have 1998 Members and $34M in assets. SLO 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.

Due to asset size, SLO Credit Union would not currently be impacted by the proposed regulation. However, in time, as the credit union's assets grow, it certainly would be subject to the regulation. Additionally, while not formally subject to the rule, due to experience, it is reasonable to think that examiners would certainly look at the rule during examinations making SLO Credit Union unofficially subject to the rule.

We are writing at this time to present comments in opposition to two major concerns we have in the proposed regulation. The two concerns are Individual Minimum Capital Requirements and Regulation Parity with FDIC.

Individual Minimum Capital Requirements

The proposed rule grants NCUA examiners authority to require even higher capital for individual credit unions. The NCUA should remove this highly subjective component from the rule. Capital requirements are not and should not be subjective. Additionally, a credit union does not have the right under regulation to petition for relief from regulation or appeal the decision.

The current prompt corrective action regulations dictate actions and reactions, not individual examiners thoughts or subjective opinions. It is completely inappropriate for any regulation to include language that addresses capital requirements as subjective.

However, if this subjective part remains in the final rule, it needs amended to state an examiner may recommend both an increased or decreased capital requirement to the Regional Director for review and concurrence, and should the Regional Director not concur, they must then refer it to the NCUA Board for approval. If the process is to be reputable, then it must be capable of independent and impartial decision for all involved parties.

Regulation Parity with the FDIC

SLO Credit Union believes that risk-based capital is appropriate. However, the requirements for credit unions should be on par with U.S Banks or other financial institutions in the world under Basel III. The proposed rule is more restrictive and punitive for credit unions. 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 to the their members and communities.

This proposal is not ready for the full consideration of the NCUA Board and should be withdrawn for revisions and reconsideration. There are several other concerns raised by, CUNA, our national trade association, and fellow credit unions that deserve additional time and attention beyond the concerns we have raised in these comments. The overall response from the credit union industry should indicate to the NCUA the level of revision and consideration needed in regards to Risk-Based Capital.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Suzanne Leedale
CEO
SLO CU

cc: CCUL