

May 18, 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,

Introductory paragraph:

I am writing on behalf of Sequoia Federal Credit Union, which serves educational employees in Redwood City, California and surrounding areas . We have 2300 Members and \$27 million in assets. Sequoia 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.

I do not believe the proposed rule is necessary in the form it is currently written. I fully understand the need to evaluate risk within our credit union products and services, however, this regulation will restrict our ability for future growth.

Each credit union is unique in why they were chartered and who they serve. I place my members at the top of my priorities to ensure safety and soundness of their deposits as well as provide loans necessary to their financial well being. Mortgage lending has been provided for over 40 years and we are currently restricted from holding our members mortgage loans due to concentration risks. Our total mortgage portfolio has a 45% average loan-to-value with low risk rating. The ruling mentions a case-by-case evaluation. Each examiner we have had for the last five years has had different opinions and not fully understood mortgage lending.

We are learning about Basel III and can currently find no reason to use these European standards to measure risk related to capital. We agree with former U.S. Senator Alfonse D'Amato in his letter to NCUA. Negative response from our Congressional leaders also states our position on risk-based capital.

We do not see a need to create a two-tiered system for risk based capital. Please do not erode the credit union system with this ruling. We have faced five years of regulations that have left our credit unions unable to serve our members and communities financial needs and has closed the doors of so many of our institutions. This ruling will deter any promise for future growth.

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

Sincerely,

Rochelle Kirchner
Manager/CEO
Sequoia FCU

cc: CCUL