May 19, 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,

May 19, 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 Mr. Poliquin,

I am writing today on behalf of San Francisco Bay Area Educators Credit Union (SFBAECU), which serves employees of the San Francisco Unified School District and City College of San Francisco. We have approximately $20M in assets and serve approximately 2,000 members. We appreciate this opportunity to comment to the National Credit Union Administration (NCUA) on its proposed rule concerning Prompt Corrective Action – Risk Based Capital.

While this proposed rule does not have an immediate effect upon our credit union due to our asset size, I remain concerned with several aspects of it. We spent the last seven years keeping our assets down in order to keep our capital ratio higher. This is not a good position to be in and the Risk Based Capital rule will unnecessarily put many credit unions in the same bad position. Credit Unions have historically been risk averse and this rule will cause well run credit unions to avoid risk to the point of detriment to their credit union. We are in the risk management business -- credit unions are responsible for managing that risk. It seems to me NCUA wants to take out all risk and manage the credit union's balance sheets.

Most credit unions have done a good job at managing their risks already. This has been done by monitoring loans and funding the Allowance for Loan Loss as well as taking Asset-Liability measures on their balance sheets. This proposal would have the unintended consequences of credit unions trying to avoid risks instead of managing them, thereby limiting the ability to serve its members.

The two-tier capital ratio is not needed. As former U.S. Senator Alfonse D'Amato stated in his letter to NCUA on this proposal: "If we had intended there should also be a separate risk-based requirement to be well capitalized (in addition to the 7 percent net-worth ratio), we would have said so."

Overall, I believe that this proposed regulation will do much more harm than good and respectfully request that the agency review and revise it. Thank you again for allowing us to comment and for your careful consideration of our concerns.

Sincerely,

Emily Morton

Chief Executive Officer

San Francisco Bay Area Educators Credit Union

CC: CCUL

Sincerely,

Emily Morton
Chief Executive Officer
SF Bay Area Educators CU

cc: CCUL