Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Proposed Prompt Corrective Action; Risk-Based Capital Rules

May 19, 2014

Dear Mr. Poliquin,

360 Federal Credit Union appreciates the opportunity to comment on the Administration's Proposed Regulation for Risk-Based Capital. 360FCU is a $216 million well capitalized federal credit union, serving the needs for over 16,000 members in the Connecticut area.

In general, the risk-weights that have been proposed for many asset classifications in credit unions exceed those already set for banks. This is especially problematic because credit unions do not have access to secondary capital and in order to meet these additional capital requirements, we would have to implement some combination of the following strategies; (1) eliminate or significantly reduce existing products/services, (2) charge members higher fees, (3) raise loan rates/or drop deposit rates, or (4) deliberately slow or reduce asset growth. None of these strategies benefit our members or contribute to the long term sustainability of the credit union charter.

The capital requirement for 360FCU under this proposal today would be $1,259,744 higher than what it would be under a bank charter. This excess capital requirement does not reasonably reflect inherent balance sheet risk. It is the product of a formula that ignores liabilities entirely and exclusively concentrates on asset concentration risk, credit risk and interest rate risk. Trying to manage the institution to just one number that captures only half of the credit union's balance sheet, engenders instability, restricts innovation and competitiveness and creates disadvantages to credit union memberships.

As proposed, these rules may help to reduce short term risk at some individual institutions, but they would also increase long term risk for the industry at large. In order to ensure the viability of credit unions, members must dictate the products they need and the Board and management must manage risk appropriately. Eliminating the ability for an NCUA examiner to arbitrarily determine capital adequacy and bringing the risk rate requirements for credit unions in line with Basel III standards for banks less than $15 billion in assets would best serve the industry and all of its constituencies.

Thank you again for the opportunity to comment on this proposal.

Sincerely
Jeffrey Canniff

Jeffrey Canniff
Vice President of Finance