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| **From:** | Nick Fugal |
| **To:** | _Regulatory Comments |
| **Cc:** | Kathy Thomson |
| **Subject:** | Risk Based Capital Comment Letter- Idadiv Credit Union |
| **Date:** | Tuesday, May 20, 2014 6:50:05 PM |

I am writing on behalf of Idadiv Credit Union which serves low income citizens of Ada, Canyon, Boise, Gem, Payette, & Valley counties in Idaho. We have 13,058 Members and $54,913,400 in assets as of March 31, 2014. Idadiv appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Though we agree that the current standard for capital adequacy is insufficient, we do not agree that the current model is the correct approach. The items of most concern to us is the risk weightings associated with CUSO's, investments greater than 3 years, and unfunded commitments on loans.

Idadiv is currently a member of 3 separate CUSO's which have not only provided services for our members, but have proven to be profitable to our credit union over the long-term. With the increased oversight of CUSO's from the NCUA and other regulatory agencies we believe a risk weighting of 2.50, which weighting is comparable only to mortgage servicing rights, is too prohibitive. The new proposal would discourage us from investing in CUSO's which are helping our credit union and our members.

Idadiv does not currently hold many long term investments but the risk weighing associated with long term investments seems too high as compared to the weighting on loans. In practice, we only invest in federally insured Certificates of Deposits which makes our investment risk minimal. The proposed calculation assumes that a 3-5 year investment of this kind is as risky as a low credit score line of credit. These weighting seem incomparable as the risk of loss is vastly different. We realize that not all 5 year investments are as secure but, under the current standards, a 5 year mortgage backed security is just as risky as a Certificate of Deposit that is federally insured. A more appropriate weighting might be to base it not only on term, but on the type of investment as well.

A risk weighing on off balance sheet items seems unnecessary. As the credit as not yet been extended there is no risk of loss. Once the credit is extended, and the loan is present on the balance sheet, the risk of loss is present. At that time, a risk weighting seems appropriate. Decreasing our capital adequacy because a member has not fully utilized their credit line seems inappropriate when there is no risk of loss.

Finally, we do not agree with the proposal's ability to authorize the NCUA the ability to restrict dividend payments to our members. Though we understand the importance of the oversight role the NCUA provides, we believe that credit union management and dividend authority should remain in the hands of the democratically elected Board of Directors.

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

*Nick Fugal, CPA*

Chief Financial Officer
Idadiv Credit Union
*Goals achieved.  Dreams Realized.  One member at a time.*

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