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Public Comments on Prompt Corrective Action; Risk-Based Capital:========

Title: Prompt Corrective Action; Risk-Based Capital
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Submitter Info:
First Name: robert
Last Name: camarillo
Comment: I am writing on behalf of Pacific Northwest Ironworkers Federal Credit Union, which serves Union Iron Workers in the Pacific Northwest. We are a Low Income Designated Credit Union, have 5,400 Members and are $13,000,000+ in assets and growing. Pacific Northwest Ironworkers 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.

The risk-based capital rule will have detrimental effects on the credit union movement over time; even credit unions below the $50 million threshold. Our credit union is obviously well below the $50 million in assets, however we are very concerned about the regulatory constraints this rule will have on the credit union industry.

As an industry we are very risk adverse, we have an allowance for loan losses, we factor in an additional economic factor, concentration limits and maintain above 7% capital. While using a tool like this helps provide areas to review or concentrate in an exam, we can't help to see where adding an additional risk based capital rule is necessary for credit unions. We have continually watched as the NCUA uses the "Blanket" approach to new rules and requirements. Once again, it seems as though there is an overreaction to a non-existent problem that could be handled with another approach, on a case by case basis or by other requirements in an exam process.

If you continue to pursue the risk based capital rule please take into account the following considerations:

1. Existing credit unions with Member Business Loans who have been grandfathered in
2. Specific loan reporting requirements and investment reporting to help determine the potential risks, Index the $50 million threshold definition of "complex".
3. Fix the proposed risk weights to reflect marketplace realities: The current weights bare no relationship to actual credit union losses over time - both from the standpoint of losses relative to those in the banking sector and from the standpoint of comparative losses within credit union portfolios.
4. Remove the interest rate risk component from the calculation and keep interest rate risk evaluations in the realm of the examination function.
5. Index the $50 million threshold definition of "complex". Consider providing a "safe harbor" definition of non-complex that would allow CUs to avoid the "complex" definition.
6. Have additional consideration for Low Income Designations, CDFI Certifications
7. Have the NCSUIF deposit be excluded from the calculation
8. Consider all real estate loans at the same weights by eliminating the concentration and maturity levels placed in the proposal.

In NCUA's summary, the primary mission is to ensure the safety and soundness of insured credit unions. When Congress enacted the Credit Union Membership Access Act (CUMAA) it required the NCUA Board to take into account that credit unions do not issue capital stock, and therefore must rely on retained earnings to build net worth and have boards of directors that consist primarily of volunteers. Throughout the proposal, statements are made, over and over, that the RBC will be more consistent with Other Federal Banking Regulatory Agencies. Was that the intent of Congress? Should that be the goal of a Cooperative regulator? Should the NCUA design standards that are different than the for-profit banking world due to the unique nature of credit unions? As credit unions we are not all defined by one particular day of the month, many factors play a role in our helping members. We take on risks by helping members, this is our primary mission. However, the NCUA Board seems to have forgotten the majority of us are here serving our members as Cooperatives! We have a tax exemption for a reason, we are “Non-Profits” serving our members with “Volunteer” boards, whether the credit union has $200,000 or $5 billion in assets.

In closing please remember, credit unions did not cause the financial crisis.

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

Sincerely,

Robert Camarillo
Board Chairman
Pacific Northwest Ironworkers FCU

I am writing on behalf of Pacific Northwest Ironworkers Federal Credit Union, which serves Union Iron Workers in the Pacific Northwest. We are a Low Income Designated Credit Union, have 5,400 Members and are $13,000,000+ in assets and growing. Pacific Northwest Ironworkers 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.

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