

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,

I am writing on behalf of SMW 104 Federal Credit Union, which serves the members of Sheet Metal Workers Local Union #104, located in San Leandro, California. We have approximately 8,500 members and \$83 million in assets. SMW 104 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 believe that his regulation is unnecessary and will cause more damage that it would cure. As stated in the May 15th letter from 324 members of the House of Representatives to the Honorable Chair Debbie Matz " ..Industry representatives estimate that the collective impact of this proposal on all the credit unions subject to it could be as high as \$7 billion of capital drawn out of the economy. Because of credit unions' limited avenues for raising capital, it is likely this proposal would force them to charge higher lending and financial services fees, reduce dividend payments to members, and deter new depositors. Before proceeding with a final rule, we urge the NCUA to consider the economic impact and consequences of reduced liquidity and financing for families and small businesses."

Another concern we have is in regards to the lack of parity between banks and credit unions in this proposal, especially in the areas of definition of delinquency and period of implementation. For delinquent loans, credit unions define them as 60 days delinquent and the banks define them as 90. More obvious is the implementation period of this proposal - 12 to 18 months for credit unions and 7 to 9 years for banks. It was banks not credit unions that were bailed out by the taxpayers and the credit unions are still paying the price.

Two other areas are that we believe the NCUSIF 1% deposit should be included in the RC calculation and that goodwill should be included in the calculation.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk-based capital requirements. We hope that our concerns and others are considered before a final decision is made.

Sincerely,

Rick Hanan
CEO
SMW 104 FCU

cc: CCUL