

May 20, 2014

Mr. Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke St  
Alexandria, VA 22314-3428

RE: Comments on Proposed Rule: PCA-Risk-Based Capital

Dear Mr. Poliquin:

Red River Employees Federal Credit Union (RREFCU) appreciates the opportunity to comment on the National Credit Union Administration (NCUA) Board's proposal to revise Prompt Corrective Action related to Risk-Based Capital. RREFCU agrees there may be a need to modernize capital standards to identify excessive risk in credit union balance sheets. However, the Board feels the current Proposed Rule will have negative effects on RREFCU members and discourage investments in long term strategies necessary to the survival of the credit union. RREFCU is asking NCUA to consider revising risk weightings to more reasonably assess concentration and interest rate risk and to better align the proposed risk-based well capitalized requirements to existing net worth requirements. The Proposed Rule, in its current state could inhibit RREFCU's growth and discourage the credit union from investing in branches and new technology.

Several of the risk weightings under the Proposed Rule appear to be too general or excessive. Under the Proposed Rule, credit union risk weights would be higher than that of banks requiring the credit union to hold more capital than banks for the same assets. This is a major concern to RREFCU as it would place credit unions at a competitive pricing disadvantage in an already highly competitive marketplace. In addition, using higher risk weights on long-term assets to deal with interest rate risk is misleading without considering liability maturities.

RREFCU believes cash balances being held at the Federal Reserve should be given a 0% risk weighting in the final version of the Rule.

The NCUSIF deposit should not be deducted from the risk-based capital numerator.

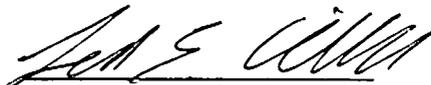
RREFCU has concerns about the examiner being able to arbitrarily decide if the credit union needs a higher capital ratio, even if the calculation indicates the credit union is well capitalized.

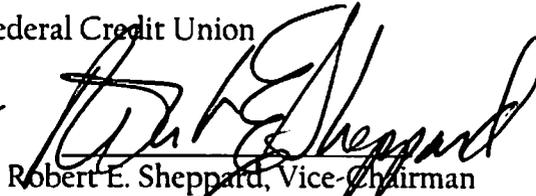
Investments in CUSOs should be risk weighted at 100% as opposed to 250% under the Proposed Rule. The services in our CUSO have no risk to our capital.

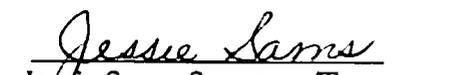
Thank you for the opportunity to comment on the Proposed Rule.

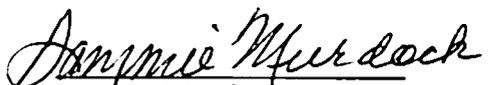
Sincerely,

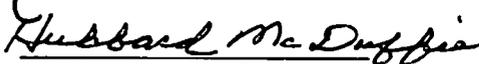
The Board of Directors  
Red River Employees Federal Credit Union

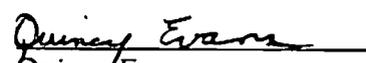
  
Fred Milton, Chairman

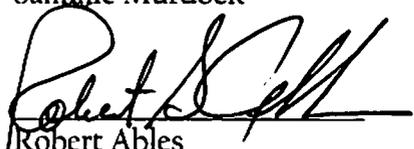
  
Robert E. Sheppard, Vice-Chairman

  
Jessie Sams, Secretary/Treasurer

  
Sammie Murdock

  
Hubbard McDuffie

  
Quincy Evans

  
Robert Ables

  
Alvin Jackson

  
Steve Conner