May 21, 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,

On behalf of Great Basin Federal Credit Union, I appreciate this opportunity to comment on the notice of proposed rule making issued by the (NCUA) National Credit Union Administration regarding Prompt Corrective Action—Risk-Based Capital. Great Basin is a well-capitalized, federally chartered, community-based credit union. We currently have $129 million in assets and serve more than 16,000 members.

While I support the concept of a comprehensive, risk-based approach to capital adequacy, I have several concerns with the proposal in its current form.

**Risk-Weighting**

Of primary concern are the risk weightings and their lack of parity with other Federal Banking Regulatory Agencies. In an attempt to incorporate interest rate, concentration and liquidity risk into the risk-weighting, the proposal has a punitive effect on credit unions who utilize longer-term strategies that, when used effectively, mitigate these very risks. Credit unions already have policies in place to measure, monitor and manage these other areas of risk; including them in the risk-weighting is not necessary.

**Investments**

- 50% Risk-weight for investments 1 – 3 years is excessive
- 75% Risk-weight for investments 3 – 5 years is excessive
- 150% Risk-weight for investments 5 – 10 years is excessive
- 200% Risk-weight for investments > 10 years is excessive

**Delinquent Consumer Loans**

NCUA is correct in stating that the ALLL reflects incurred losses and not unexpected losses. However, the practice of using past performance, which includes unexpected losses as one of the components in determining incurred losses, somewhat allays that assertion. There is no evidence to support the need for a risk-weighting greater than 100%.

**Unfunded Business Loan Commitments**

- The 75% Risk-weight assigned is excessive.

**Individual Minimum Capital Requirements**

Under this proposal, an examiner can increase an individual credit union's risk-based capital requirement. The proposal not only lacks clearly defined, quantifiable guidelines; it exposes credit unions to the prospect of having increased capital requirements applied in an inconsistent manner. Individual examiners should not have this authority.

**Conclusion**

In conclusion, I strongly encourage NCUA to revisit the proposal, taking into consideration the comment letters and suggestions from industry insiders. While I am not opposed to a comprehensive, risk-based approach to capital adequacy, it should be evidence-based and more in parity with other Federal Banking Regulatory Agencies. Unfortunately, as it is currently written, there are several items that will have an adverse impact on Great Basin FCU's ability to service our members, particularly in the areas of mortgage and business lending.

Sincerely,

Tony Lopez
CFO
Great Basin FCU

cc: CCUL