

From: [Brent Kowalsky](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Thursday, May 22, 2014 2:30:54 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Capitol View Credit Union, which serves State Employees in Iowa. We have about 2000 Members and 31 million in assets. Capitol View 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.

In the near term we would be effected by less support from our larger credit unions as they will be directly impacted. As any ongoing concern our growth is a must and at some point we will cross the \$50 million dollar threshold and be directly impacted.

This proposal is unnecessary and should be withdrawn for the following reasons:

It would punish too many credit unions with higher capital set asides, especially since the current system held up incredibly well in the recent recession.

The additional capital required by this proposal will result in lower levels of member service and put credit unions as a distinct disadvantage compared to the nations banking sector. Credit Unions proved to be a safe haven in the recent downturn and policy makers should be encouraging more of what credit unions do, not less as this proposal demands.

I am especially concerned about the Agency's proposal to give examiners the power to impose arbitrarily higher capital standards on individual credit unions. I have not experienced an appeals process, but others who have report problems.

Absent withdrawal of the proposal our credit union suggests the following:

Fix the proposed risk weights to reflect reality. The current weights bear no relationship to actual credit union losses over time both from the stand point of losses relative to the banking sector and from the standpoint of comparative losses with credit union portfolios.

Remove the interest rate risk component from the calculation and keep interest risk evaluations as an examination function.

Remove the proposal to allow examiners to impose arbitrary requirements.

Index the \$50 million threshold definition of complex and consider a safe harbor definition on non-complex.

In summary, this is proposal is very scary and I would ask for its withdrawal or at least consider the changes listed above.

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

Sincerely,

Brent Kowalsky
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