May 22, 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 Cal State L.A. Federal Credit Union which primarily serves the faculty, staff, students and alumni of Cal State University Los Angeles. We have 4,615 members and our asset size is $41.5 million. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk-Based Capital.

I agree that a system of risk based capital is appropriate, but I do not support this proposal. With current assets less than $50 million, we would not immediately be impacted by the proposal; however, with moderate growth we would approach $50 million in the not too distant future.

I am extremely concerned because the proposed requirements seem to be more restrictive for credit unions than for other types of financial institutions, even though the credit union industry survived the worst economic crisis in 80 years under the existing Risk-Based Net Worth system. I believe that taking such action against our industry will have a significat negative impact on the credit union movement, potentially resulting in a strain on the finances and operations of credit unions and a subsequent decline in credit union services to our nation's consumers.

I do not agree with the arbitrary imposition of higher captial requirements on a case by case basis. This component of the proposed rule would put too much power in the hands of examiners, whose opinions and findings are not consistent. Even with an appeals process, this is an unacceptable proposition and I strongly support it's removal from the proposal.

I do not agree with the risk weightings for mortgage loans. The consolidation of all mortgages into one group for evaluation is not an accurate method of evaluating risk and does not take into consideration the actual risk factors inherent in the individual portfolios.

While I am not opposed to a risk-based approach to capital adequacy, it should be approached in a manner that gives credit unions parity with banks and does not create a huge competitive disadvantage for credit unions. I strongly encourage the NCUA to revisit this proposal and allow a realisitic time line for analysis and implementation rather than plunge irresponsibly into a new, untested system.

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

Sincerely,

Ida Chapko
CEO
Cal State L.A. FCU

cc: CCUL