

May 20, 2014
Mr. Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin,

As the CEO of St. Joseph's Parish Federal Credit Union, I am writing this letter in opposition to NCUA's risk-based capital proposal.

This regulation effectively seeks to fundamentally change the capital rules upon which credit unions have been relying. This is unfair to larger credit unions and would impact many smaller credit unions, like ours as we grow towards \$50 million in assets. In addition, all examiners are likely to reference a credit union's RBC profile when conducting examinations. It is not fair to change capital rules so that 200 credit unions will need to become well-capitalized. In addition, many credit unions that remain well-capitalized under the proposal would still see a substantial reduction in their capital. Finally, eighteen months is not enough time for credit unions to prepare for these important changes.

Many of the weightings mischaracterize investments as unsafe without adequate evidence. For example a 2.00 weight on perpetual capital is too high because this investment is not inherently risky. In addition, NCUA is discouraging larger credit unions from investing in the Corporate system by imposing a 2.50 weight on all CUSO investments. NCUA has not demonstrated why such investments are among the riskiest a credit union can make.

NCUA would also place higher capital weights based on the duration of investments. All of St. Joseph's investments are less than one year in length but there are circumstances when longer-term investments are appropriate. NCUA should not assume that an investment is riskier just because it is longer.

While I agree that there are many problems with this proposal, I disagree with those credit unions calling for expanded access to supplemental capital. Credit unions don't need supplemental capital to be effective so long as NCUA devises a capital framework that enables them to grow consistent with safety and soundness.

I hope these comments will be helpful as the agency amends its proposal in response to credit union concerns.

Sincerely
S.J.P. Federal Credit Union

Mike Bondanza

SJP Federal Credit Union

Michael P. Bondanza
CEO