May 23, 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 a credit union professional serving CalCom Federal Credit Union in Torrance, CA. I would like to thank you for the opportunity to comment on proposed rule of the National Credit Union Administration (NCUA) on Risk-Based Capital.

1. I believe the proposed rule impedes upon the growth potential of credit unions and places undue disadvantage on credit unions in the market place. The proposed rule provides for weights that are more restrictive compared to Basel III for banks of less than $15-Billion in assets and places credit unions at a competitive disadvantage. Also, while banks have tools to raise capital by alternative means, credit unions are still reliant solely on net income. It would be beneficial for the credit union industry for an alternative way of supplementing capital to be in place before additional restrictions to capital is implemented.

2. The proposed rule provides higher restrictions on asset allocation due to concentration. I believe that the consideration should be made not on the basis of concentration but simply on the inherent risk of the asset type. The first 10% of real estate loan is no more or less riskier than the next 10%, as such the next 10% should not be considered any more or less riskier for the purpose of risk-based capital. Concentration risk addresses itself since the dollar amount applied against the weight increases as concentration in such asset increases. There is no need to increase the weight. Basel III recognizes this fact by assigning the same weight regardless of concentration in a type of asset.

3. The NCUSIF capitalization deposit should not be deducted out of the risk-based capital ratio. Deducting the deposit denies the fact that it is still a credit union asset.

4. Section 702.105 of the proposed rule "Individual minimum capital requirements" which is loosely defined and allows subjectively to impose on credit unions higher capital requirements simply due to an NCUA Examiner's appetite for risk or lack thereof.

I believe that NCUA should see its role as a partner and advocate for credit unions within government. NCUA has focused too much on the risks that they may have forgotten why credit unions exists. We are here to serve our members and provide them with financial services which will always involve some risk. I believe this proposed rule, in its current form, is detrimental towards that end.

Thank you very much for providing us the opportunity to comment on this proposed rule.

Sincerely,

Jay Lee
VP Technology & Risk Management
CalCom FCU

cc: CCUL