AltaOne
FEDERAL CREDIT UNION

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

Mr. Poliquin:

I am writing on behalf of AltaOne Federal Credit Union which serves the California Counties of Kern, Inyo and Mono. We have just over 51,000 Member-owners and $575 million in total assets. AltaOne sincerely appreciates the opportunity to provide reflective comments to the National Credit Union Administration (NCUA) on its proposed rule regarding Prompt Corrective Action – Risk-Based Capital.

Our federal credit union generally supports risk-based capital principles for the good of the entire credit union industry. However, we feel strongly the proposed rule, as currently drafted and distributed, will severely harm the credit union industry by creating a significant competitive disadvantage in the market place. We respectfully submit the following comments on the proposed rule as currently drafted for serious consideration.

Parity with Banks

Risk-based capital is appropriate, but the requirements for credit unions should not be more restrictive and punitive than they are for U.S. banks and any other financial institution in the world under the Basel III framework. This places credit unions at a competitive disadvantage and will result in a reduced ability for credit unions to effectively serve their member-owners and our communities.

Individual Credit Union Minimum Capital Requirements

The proposed rule gives NCUA authority to require even higher capital for individual credit unions. This highly subjective element should be stricken from the final rule. If it is not entirely eliminated, an independent third-party should be established to mediate any appeal between an individual credit union and the NCUA; the NCUA should not be the examiner, the regulator, and the "appealed to" entity in this matter.

NCUA is exceeding their authority from Congress

The Congress never intended for NCUA to set up a risk-based capital standard for well-capitalized credit unions. The Federal Credit Union Act directs NCUA to devise a risk-based requirement, but the risk-based component for the well-capitalized threshold can be no higher than the component for the adequately capitalized level. Under NCUA's proposal, however, that is not what would happen. We firmly believe this goes against the current Federal Credit Union Act and the system of Prompt Corrective Action.

In conclusion, we would support a sensible, lawful approach to risk-based capital requirements; however, this proposed rule will do more harm than good—creating a huge competitive disadvantage for credit unions.

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

Respectfully,

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Robert M. Boland
President/CEO

NCUA

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