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,

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

Dear Mr. Poliquin:

I am writing on behalf of Delta Schools FCU, which serves the educational community in California known as the Delta. We have 3300 Members and 33.3M in assets. Delta Schools FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule regarding Prompt Corrective Action – Risk-Based Capital.

My credit union generally supports risk-based capital principles. With our assets at 33.3M the

immediate impact is that my credit union remains we'll capitalize, however as it is currently drafted will impact my ability to meet my member's needs by removing excess captial from not only my credit union, but those I partner with by creating a significant competitive disadvantage in the market place. We respectfully submit the following comments on the proposed rule.

With this proposed regulation NCUA is trying to recreate the wheel and in doing so trying to fit all credit unions into a one size fits all. The proposal as written can become detrimental in our growth and collaboration with other credit unions and CUSO's as the current proposal will dictate our products (First Mortgage and Business lending) and the services we can offer and not the needs of membership. I hate the idea of a business plan created to meet the undo regulations of the NCUA before the credit union's vision and what our members want and need for their personal financial success. As the regulator of our insurance fund I understand the need to protect the fund. But over regulation is the death of any great industry. Reactive instead or proactive in a major concern with the NCUA moving forward.

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 serve their members and communities.

Individual 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 rule. If it is not eliminated, an independent third-party should be established to mediate any appeal between a credit union and the NCUA; the NCUA should not be the examiner (Judge), the regulator (Jury), and the “appealed to” entity (Executioner). Having used the appeals process I fully understand the politics involved and the never lose attitude some Regions take. This shows the need for an impartial third party to review appeals.

NCUA is exceeding their authority

Congress never intended for NCUA to set up a risk-based capital standard for well-capitalized credit unions. The FCU 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. This goes against the current FCU Act and 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.

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

Sincerely,

Rob Greaff
CEO
Delta Schools FCU

cc: CCUL