From:	Ron Moorehead
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Friday, May 23, 2014 9:00:50 PM

Dear Secretary of the Board Poliquin,

Greetings

I am the President/CEO of First Financial Credit Union. We serve various communities around the State of New Mexico, and have branches in Albuquerque, Farmington, Gallup, Zuni, Pinehill, and Portales. We have had a low income designation for many years, in part due to our membership base that includes branches on and near Native American reservations. We have over 57,000 members and $430 million in assets. First Financial Credit Union appreciates the opportunity to provide a response to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

First Financial is not immediately impacted by the proposal, as our RBC currently stands at 12.39%. Our Net Worth is 8.53%, which is also well above PCA levels. While not having an immediate impact, I do see an issue going forward, especially as First Financial Credit Union prepares for potential merger opportunities in the next 5 years.

My largest areas of concern regarding the proposal relates to how it would affect mergers not only on FFCU, but on the system as a whole, how it considers or assesses inherent interest rate risk, and how much leeway field examiners are given to require larger capital levels. We use Catalyst Corporate for ALM modeling purposes, and understand that you can't just look at one side of the balance sheet to assess interest rate risk, but that appears to be what the proposed RBC does.

I do not agree that NCUA should be able to impose higher capital requirements on credit unions on a case by case basis, and the obvious lack of consistency that will be generated by such a move will cause serious unintended consequences for the movement.

I do not have any major concerns about specific risk weightings other than for CUSOs, I do not truly know what ultimate effect the weightings will have on the movement as a whole.

I do not like that the NCUSIF is being excluded from both factors of the calculation, and feel the same way about Goodwill – this could stifle mergers except for very large credit unions.

I do not agree that NCUA should be able to restrict dividend payments as the proposal would provide.

I do not agree with NCUA's implementation time line, and feel that at this point the business cycle, using the next year to evaluate what effect it would have on Credit union operations would be valuable. After 12 months of evaluation, Credit Unions will have an even better response on positive and negative effects of such a rule – how many mergers will be called off, how many strategic plans will be adjusted, etc.

I would like to state that while I agree in principle with having Risk-Based Capital requirements, it is not natural person credit union issues that cost the membership of my credit union over $3.3 million in the past 5 years; it was the corporate credit union issue. As I see it, the primary risk that still exits regarding the insurance fund is from unwise investment practices (like the ones that took down the corporates), rather than wholesale lending programs gone south, and to a lesser extent the interest rate risk which NCUA has been very diligent about addressing in the past year or so.

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

Sincerely,

Ron Moorehead, President/CEO

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