

With regard to the proposed rule, Prompt Corrective Action – Risk-Based Capital, I would like to express my concerns regarding the effect it could have on credit unions.

I am the CEO of Freedom United Federal Credit Union which serves 153 sponsor groups and an underserved area. We have over 7400 members and \$53,720,328 in assets.

At the present time although we are slightly over \$50,000,000 in assets, the proposed rule would not affect us significantly due to our high capital, but I am concerned for other credit unions and what the future will bring for us as well. Our expenses are growing and income has declined due to low interest rates and low loan demand. Many credit unions struggle to maintain their bottom line due to these same factors as well as recovering from the required stabilization commitment and the excessive cost of upgrading equipment to meet recent regulations. This rule will place additional stress on credit unions already stretched thin. I feel that the RBC will diminish credit available to consumers and small business. Reduced credit and services will hurt the economy and less available credit for small business will harm job creation.

The proposed treatment of the allowance for loan loss is inadequate. A greater portion of ALL should be included in the RBC numerator.

I feel the NCSUIF deposit should be included in the calculation of RBC ratios.

NCUA should not be able to restrict dividend payments as the proposal would provide.

The time line for this proposal should be extended to allow time to understand the 198 page document And how it affects our operations.

RBC, as proposed, is contrary to Federal Credit Union Act, as it ignores that credit unions raise net worth only through earnings

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

Sincerely,

Zelda M. Smith
Pres/Treas