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To: [Regulatory Comments](#)
Cc: [Bhavnesht Makin](#); "sharon@ccul.org"
Subject: Sacramento Credit Union(62641) Comments on Proposed Rule: PCA - Risk-Based Capital
Date: Tuesday, May 27, 2014 10:40:36 AM

Mr. Poliquin
NCUA

As CFO for 38 years, I write on behalf of Sacramento Credit Union, a \$375 million community chartered financial institution serving 24,000 members across seven counties contiguous to Sacramento.

I appreciate the opportunity to provide constructive feedback to the NCUA regarding its proposed rule focusing on Prompt Corrective Action – Risk-Based Capital.

Our management and Board of Directors generally support the concept and principles of the rule but feel adamantly that the proposed rule, as currently drafted, will harm our industry by creating competitive disadvantage in the financial services market place. With this in mind, outlined below please read, assess and consider the following Sacramento Credit Union comments on the proposed rule.

Risk-based capital is indeed appropriate and needed, but the requirements for credit unions should not be more restrictive and punitive than those for banks and other financial institutions under the Basel III framework. If enacted as proposed, credit unions will face unwarranted competitive disadvantages in competing with banks and other domestic financial institutions.

The proposed rule gives NCUA discretionary authority to require even higher capital at the individual credit union level. This highly subjective element must be stricken from the rule. If not removed from the rule, an independent third-party component should be established to mediate any appeal between a credit union and the NCUA, with the argument being that the NCUA should not simultaneously be examiner, regulator and administrator of appeal processes.

Finally, it is doubtful that Congress intended for NCUA to implement a risk-based capital standard for well-capitalized credit unions such as ours. The NCUA is directed by the FCU Act to devise a risk-based requirement with the well-capitalized threshold no higher than the component for the adequately capitalized level. The current proposal violates the directive and as such the system of Prompt Corrective Action.

In summary, the management and the Board of Directors of Sacramento Credit Union do support a sensible, lawful approach to risk-based capital requirements. The current proposal will likely, over both short and long run, do more harm than good for the above cited reasons.

Thanks for considering and incorporating our viewpoint into the final rule.

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