



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 El Cajon Federal Credit Union, which serves City of El Cajon employees, retirees, and their family members. We have 1,000 Members and \$12,800,000 in assets. El Cajon Federal Credit Union 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. However, **we feel strongly that the proposed rule, as currently drafted, 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.

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, the regulator, and the “appealed to” entity.

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,

A handwritten signature in blue ink that reads "Aletta M. Bostock". The signature is fluid and cursive.

Aletta M. Bostock, CEO
El Cajon Federal Credit Union