OneNevada
CREDIT UNION

May 20, 2014

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, Virginia 22314

Re: Comment Letter Regarding Proposed Risk Based Capital Rule

Dear NCUA Board Members:

Thank you for the opportunity to comment on the proposed Risk Based Capital Rule. Our comments are as follows:

1. The proposed rule is not needed. The Credit Union industry has rebounded from the recession and net worth levels are strong. Even by NCUA's own estimates, less than 200 credit unions nationwide would be required to increase capital under the proposed rule. Imposing such a far-reaching new rule on the entire industry to address less than 200 credit unions seems over-reaching and extreme. Those few credit unions can be better addressed on a case-by-case basis.

   Furthermore, capitalization levels have been set by Congress under the prompt corrective action rules. Any further adjustment of those requirements is properly a legislative, not regulatory, matter. Because NCUA is attempting to address this issue via regulatory means, no recognition is being provided to very low risk credit unions….they are still bound by the "hard" net worth minimums created by Congress. This results in a one-sided calculation. If Congress believes credit union capital levels need to be addressed, they are certainly able to do so.

2. The risk weightings need considerable further evaluation. Attempting to combine multiple risk factors, including credit risk, concentration risk, interest rate risk, etc., into a simplified single calculation does not reflect the complexities of these issues.

   In our specific case, a significant portion of our liquid assets are on deposit in our reserve account at the Federal Reserve Bank. Under the proposed RBC calculation, a 20% risk weight was assigned to this deposit. This is obviously inappropriate, as deposits at the Fed are clearly risk-free.

   The competitive impact of the risk weightings must also be thoroughly studied. Imposing risk factors that may place credit unions at a competitive disadvantage verses other competitors in the financial services marketplace could have serious affects. A thorough comparison should be compiled and made available for public inspection and comment.

2645 South Mojave Road • Las Vegas, NV 89121
Las Vegas (702) 457-1000 • Reno/Sparks (775) 827-3880 • Pahrump (775) 751-9880 • Toll Free (800) 388-3000
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3. Enabling NCUA to deviate from its own proposed rule and create capital requirements on a case by case basis defeats the purpose of the proposed rule and may lead to arbitrary decisions by the Agency.

4. We do not understand NCUA's staunch refusal to extend the comment period. The proposed rule has enormous potential consequences. There is no immediate urgency to improve capital industry-wide. Allowing more time, perhaps considerably more time, for the full evaluation and vetting of the proposed rule is in everyone's best interest, with no "downside" for anyone.

5. The proposed 18 month implementation period is completely unreasonable and may lead to some credit unions making financially detrimental decisions simply to comply. This proposed rule suggests sweeping changes for the industry, and an orderly progression over at least a 3 year time frame is highly advisable for all involved.

Thank you again for the opportunity to comment.

Sincerely,

Bradley W. Beal
President