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May 21, 2014

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 55314-3428

RE: Prompt Corrective Action—Risk-Based Capital

Dear Mr. Poliquin:

I am writing on behalf of Columbus United Federal Credit Union which serves five counties in rural Nebraska. We have 7400 Members and $55,000,000 in assets. Columbus United appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule; Prompt Corrective Action - Risk-Based Capital.

Generally, Columbus United is not in support of the proposed rule for a number of reason. However, we recognize that with the financial upheaval that has occurred in the last several years and the resulting capital requirements that banks have experienced is a compelling force for change.

The fact that credit unions cannot produce capital other than booking positive revenues makes the proposal onerous. The risk ratings will produce a management of risk that will reduce credit unions to low risk-low yielding small volume lending. The fact that credit unions, for the most part, were excluded from the recent financial upheaval should be evidence enough to demonstrate the healthy risk balance that credit union's employ.

To help reduce the impact of the proposal and preserve an appropriate capital cushion we would offer the following suggestions:

- Reduce the risk-based well capitalized capital ratio from 10.5% to 9%. It is felt that a 200 basis point cushion above the existing 7% net worth ratio would be sufficient. In addition, exempt credit unions that have a history of making business loans, especially Ag based credit unions (per 1998 statute), from concentration risk multipliers and leave the risk weight at 100% for all business loans in these credit unions. (Note: Columbus United is not an Ag based credit union, however, at the present time we have a loan participation portfolio that consists of agricultural operating loans that are originated by Archer Cooperative Credit Union, which is within 20 miles of the western most county that we serve. While we recognize the inherit risks associated with this type of lending, these loans are underwritten by a credit union that has offered this type of lending for over 100 years.)

- Incorporate credit risk performance standards in member business loans and mortgages by considering a 50 basis point reduction in each concentration category if a credit union has a consistent charge off rate below 2%.

- Remove the ability of examiners to subjectively increase a credit unions required risk based capital ratio beyond 10.5%. It would be problematic to promote an environment where Regional Directors, or their subordinates, could set their own higher standards for capital in individual credit unions. It is imperative that credit unions know exactly what their regulatory capital expectations are.

- Incorporate a supplemental capital provision into the regulation and resubmit the proposal for further public comment.

- Delay the effective date for five full years from the approval date so that credit unions can prepare and adjust their balance sheets accordingly with strategic planning considerations taken into account.

The implementation of the proposed capital requirements could have far reaching effects for the credit union industry. Regulations of this magnitude can produce results that are unforeseen. We are sure that the NCUA will receive, and has received, many comment letters that address a variety of concerns. However, we feel certain that the results of such a regulation will have detrimental effects, and as such, great caution should be exercised.

Cordially,

Brian Christensen
President/CEO

BC/s