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May 22, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314–3428

RE: Prompt Corrective Action Risk-Based Capital

Dear Mr. Poliquin:

I am writing on behalf of Visterra Credit Union's (VCU) 32,863 members. VCU is headquartered in Riverside County, California and has $332,746,578 in assets. VCU appreciates the opportunity to provide comment to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action Risk-Based Capital.

This proposal does not seem to be necessary in light of VCU's performance during the recent downturn that we fought through. The current PCA regulations provided more than enough capital needed to work through the hard times our members experienced as well as providing sufficient regulator prerogatives to keep us on track and back to a sound financial footing.

We do not agree that NCUA should be able to impose higher capital requirements on a case by case basis. It has been our experience during the recent downturn that the field examination staff does not always apply consistent standards from exam to exam or credit union to credit union (even if similar situations exist). Given different viewpoints from PCO to PCO and EIC to EIC, there is some doubt in our minds that VCU would be in operation today if the exam staff had the discretion to raise the Risk-Based Net Worth Requirement and PCA requirements that we were faced with over the past few years.

The Risk weightings in the proposed regulation seem to be more of a directive of NCUA's preference for credit union product lines than an evaluation of risk as shown in other risk-based models. When you try to combine liquidity risk, concentration risk, credit risk and regulator bias into one set of rules you get inherent conflicts:

- Does a 3-year MBL really have up to 2.67 times more risk than a 3-year Treasury from a liquidity standpoint (2.00/0.75 = 2.67)? Or does NCUA just want to stop MBL lending?

- Is there really 5 times more risk in a CUSO Investment verses a 13-month Bank CD (2.50/0.50 = 5)?

NCUA's implementation time line seems extremely short in light of the magnitude of changes you are proposing. For those credit unions that fall below the proposed new Risk-Based Net Worth thresholds, eighteen months to build additional net worth, particularly in a low-rate environment that we see today, would probably necessitate immediate price, expense and member service changes. To the extreme, this could cause major reputation risk issues, potential mergers or outright liquidations.

In summary, Visterra Credit Union feels that the proposed regulation is not needed and NCUA has not made the case that it is. On its surface, the proposed regulation seems more designed to coerce credit unions into business lines that NCUA prefers rather than what serves a credit union's membership best. The regulation also opens the door to subjective regulation where the opinion of one examination staff may differ from the next examination staff.

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

Sincerely yours,

Robert Cameron
President/CEO