From:	Diane Percival
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Tuesday, May 27, 2014 6:40:07 PM

Dear Secretary of the Board Poliquin,

We are writing on behalf of Woodstone Credit Union. We have 11.000 Members and $90 million in assets. Woodstone Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.
While we are open to a more comprehensive risk based capital design, one that accurately identifies risks AND provides for the opportunity to generate capital through means other than retained earnings, this proposal fall short on many fronts.
Under this proposal, Woodstone's Net Worth Ratio and RBC Ratio stay at 'Well Capitalized". However, we believe that this proposal would restrict our ability to expand our member business loan portfolio and restrict our ability to partner with others in Credit Union service organizations (CUSO's) to provide services to our members.
We agree that credit unions should have a risk based capital requirement. The current risk based net worth requirement provides ample equity for future losses. (This was demonstrated during the recession when, while some credit unions were lost, the numbers were few compared to the banking market place.) The proposed risk based capital requirement contains several areas that we disagree with. Below are our comments on a few of those areas.
We disagree with the ability of the NCUA to impose higher capital requirements on credit unions on a case by case basis. There are definitions for "adequately capitalized' and "well capitalized' contained in the proposal. If a credit union has met the definition of "adequately capitalized" or "well capitalized", it would be reasonable to conclude that the credit union is safe and sound. There should be no reason to impose a higher capital requirement.
Collaboration and partnerships have assisted smaller credit unions in providing services to their members. CUSO's and the services provided are diverse. We disagree with the 250% risk weighting for Investments in CUSO's. In the case of our CUSO, the only loss to the credit union would be the investment and any loans to a failed CUSO. The higher risk weighting restricts the cooperative nature of the credit union movement.
We disagree with the 18 month implementation time line. Eighteen months in an insufficient amount of time to restructure a balance sheet. Forcing a condensed time line increases the risk of recognizing losses on assets that would normally payoff, without a loss, over time. We believe that a minimum implementation time frame of 5 years would allow for an orderly transition.
We recommend that NCUA revisit this proposal and work to design a tool that adequately identifies higher risk levels while continuing to promote the credit union model as a competitive player in the financial marketplace.
Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

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President/CEO	CFO	Director of Human Resources
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Sincerely,

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