Eric Renaud, CFO
6850 North Oracle Road
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May 27, 2014

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

Subject: Proposed Rule: PCA-Risk-Based Capital

Dear Mr. Poliquin:

On behalf of Pima Federal Credit Union, I appreciate the opportunity to comment on the proposed PCA- Risk Based Capital rule.

Pima Federal Credit Union is a $420 million credit union with a FOM that serves multiple SEGs and selected associations. We are located in Tucson Arizona, with six financial centers, one of which is located in Springerville AZ, a remote town in Northeastern Arizona.

Our loan to share ratio is in the mid-50s. We have spent the last few years deepening the relationships with our membership and looking for ways to better meet their financial needs. This focus has helped Pima Federal increase the loan to share ratio. Over time, this has improved earnings, helping the credit union to build capital and support asset growth.

In reviewing the current credit union's net worth and the proposed risk based capital rule, Pima Federal will retain its "Well Capitalized" designation. However, this does not mean we don't have concerns regarding the proposed rule. It is my opinion that the proposed rule will force credit unions to offer very limited loan product offerings, negatively impacting our growth and contributions to a healthy economy industry-wide.

This comment letter is not meant to be a dissertation on each and every nuance in the proposed rule. I have read many comment letters already submitted that provide specific analysis. My letter is meant to refocus on the current tools in place, if properly followed will accomplish all of which the NCUA, as guardian of the insurance fund, and credit unions desire. We all desire a safe and sound insurance fund and a strong movement to serve the greater good of the membership.

Credit unions already operate under significant regulation and guidance. Based on the current structure, natural person credit unions came through the Great Recession rather well, making further regulation unnecessary. Of course, this is a generalization, as there are always individual outliers that did not fare well. However, I do not believe another reported number or calculated risk value will eliminate outliers. The unintended consequences on the industry would be a drag on the economy and, potentially, each member's unique financials goals, needs and requirements.

Today's regulation encourages a robust, holistic approach for credit union management. Industry regulations encourage and even require a robust IRR management process, a strong liquidity profile, and robust stress analysis and contingency plans. Credit unions are to maintain strong polices to ensure practices are in place to protect the safety and soundness of the credit union for concentration and credit risk. In each examination, a credit union undergoes a thorough review of all facets of the business and is reviewed on an all-inclusive basis. In my opinion, this approach ensures that each credit union can meet the needs of their unique membership, while also keeping their identity. An equation that forces all credit unions to create similar balance sheets eliminates this, and will subsequently fail to meet local and national economic needs.

In my opinion, it is a fallacy to believe that a single calculation can capture interest rate risk, credit risk and liquidity. By nature, these are disparate and unique risk components. It is important to note that even in the proposed rule, Treasury bonds are not assigned an interest rate risk weighting, which is inconsistent with other financial instruments that have less than or equal maturities. Additionally, credit risk weightings are not based on loan to value or other factors that improve asset quality and mitigate potential losses.

Simply requiring more capital will theoretically always make the insurance funds safer, but I would argue at greater costs to our economy and members.

Please recognize that I support measures to make our industry stronger, but I believe the current proposal does not adequately or fairly consider the key variables in play.

Again, thank you for the opportunity to comment on the proposed rule.

Sincerely,

Eric H. Renaud

Eric H. Renaud
Chief Financial Officer

cc: Pima Federal Credit Union Senior Management and Volunteers