From:	Brian Waugaman
To:	_Regulatory Comments
Subject:	Prompt Corrective Action - Risk-Based Capital Comment Letter
Date:	Wednesday, May 28, 2014 11:31:38 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Erie Federal Credit Union, who serves the communities of Erie and Crawford counties in Northwest Pennsylvania. We have 48,561 and $392 million in assets. Erie Federal Credit Union respects the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Erie Federal Cerdit Union is currently a "well-capitalized" credit union according to NCUA defined standards at a capital ratio of 10.49% or 349 basis points above current 7.00% requirement. Under the proposed rules Erie FCU would remain "well-capitalized", but the current cushion we enjoy would be deeply decreased.

Erie FCU does not feel the new proposed RBC rating system is necessary given the current system stayed strong during the worst financial crisis in 80 years. No tax-payer dollars were used to bail the system out and the system has fully recovered in less than five years.

We definately feel that NCUA is being given way too much authority if able to impose higher capital requirements on credit unions on a case by case basis? NCUA is to protect the NCUSIF and not place additional burdens on individual credit unions based upon objective review of, in some cases, somewhat inexperienced field examiners who never been tasked nor professionally trained on leading a successful financial institution.

A number of the risk weightings, especially for member business loan and mortgage concentrations as well as for CUSO investments, do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering liability maturities.

NCUA would also require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation, which depending on the specific credit union could be a considerable amount that is now not counted toward the credit unions complete financial position.

I feel the proposed implementation timeline is not sufficient to thoroughly vet this new proposal. NCUA has not been successful nor has NCUA justified the need for the rule adequately. More discussion is needed on this proposal in light of current concerns over its proposed changes with the credit union industry as a whole.

Much more discussion is needed on this proposal and we feel it is time for NCUA to begin open dialogue with credit unions when developing proposed current and future changes to better assess the potential opportunities/dangers that could impose undue pressures on an already stable and trusted system. I am deeply concerned that the credit union movement will benefit in no way by the proposed change and worst of all, members who have grown to trust credit unions will suffer in the long run. If a decreased number of credit unions is the result NCUA is looking for, this is likely to be accomplished but at what cost to those consumers who benefit from credit union products and services.

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

Sincerely,

Brian J. Waugaman, CEO
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