

From: [Jim Jordan](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Wednesday, May 28, 2014 9:20:51 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Schools Financial Credit Union, which serves educators and the community. We have 115,000 Members and \$1,450,000,000 in assets. Schools Financial 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.

At this time, Schools would not be affected by the rule, except that it would limit our opportunity to take advantage of CUSOs, which provide efficient member focused services.

While Risk based capital maybe a good idea, we do not believe that the NCUA's proposal has appropriately rated risk. We would prefer to have a proposal based upon BASEL III, which does not have arbitrary risk rating that have no relationship to risk.

The latest financial crisis has shown that NCUA should have all their regulatory requirement clearly delineated in their regulations, so that their Examiners understand the Board's expectations. The Industry experience numerous cases of individual Examiners mandating inappropriate standards to credit unions. The Board should be focused on establishing clear expectations to avoid the challenges that were experienced in the last crisis, rather than adding opportunity for more challenges by giving individual Examiners the authority to establish arbitrary capital standards.

We have the only Industry funded insurance program. It is very difficult to understand why the Agency would want to exclude the insurance deposit from the calculation of RBC ratios.

Since the current proposal is critically flawed, we think the NCUA should delay the implementation until they have had an opportunity to develop a proposal that the NCUA, Congress, and the Industry can support.

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

Sincerely,

Jim Jordan
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