May 28, 2014

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

RE: Comments on Proposed Rule: PCA - Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

I am writing on behalf of Family FCU, which serves parishioners of Holy Family Church in Wilmington CA. We are faith based but function more like a community CU because of how our church works in the community. We are LICU designated and have been CDFI certified for the past 3 years and are currently renewing that certification. We are under 10 million in assets. We serve 1450 members. Thank you for taking the time to read our comments on the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk-Based Capital.

The current proposal is unnecessary and causes numerous problems for Credit Union's (CU) everywhere including those like our own Family Federal CU who weren't supposed to be affected because of their sub 50 million assets. The law strains large CU's and inhibits their ability to sponsor the smaller CU's who count on their support.

Despite our asset size, the proposal increases potential for many future disruptions in service. Low Income CU's (LICU) which are currently exempt from Member Business Loan (MBL) requirements would be adversely affected by the proposal's unfair assessment of MBL's risk factor. The effects to larger non LICU's will be even worse because of their grandfathered MBL portfolios. Why punish CU's for extending MBL's when historical loss rates consistently prove a higher concentration of MBL's does not automatically leads to greater losses? In trying to cure a non-existent ailment the proposal just ends up hurting CU's.

NCUA shouldn't be allowed to raise capital requirements on a case by case basis as it would leave us without any clear guidelines to avoid being hit with penalties. Our current Mortgage Portfolio for example would unfairly receive the higher risk factor rating despite the fact that we haven't funded a mortgage loan in over 2 years and **not one of them** is delinquent. These are our best performing loans with their 30 year terms & renewable 5 year call options. However, because of our high mortgage loan concentration, I'm very afraid that regardless of our sub 50 million assets the next examiner who comes to Family Federal CU will quote the proposed rules and unfairly impose their restrictions on us. Sure, I can try to appeal, but that leaves no guarantees for the loans of me and my fellow CU members.

Thankfully we aren't invested in Credit Union Service Organizations (CUSO) because the proposal forcing CU's to reserve 200% of their CUSO investment doesn't makes any sense. For what purpose should we be reserving **double** the cost of a hypothetical loss? CUSO's exist so CU's can cooperate in extending and improving service for their members. This proposal hampers that creativity and risks irresponsibly targeting CU's with unwarranted reserve requirements. Family Federal CU is fortunate not to have any long term investments because the proposal completely ignores a CU executive's ability to make investments for the CU's members.

I also don't understand why the NCSUIF deposit is excluded from the RBC calculation. It should be counted the same as all CU assets. NCUA shouldn't restrict dividend payments as per the proposal because CU's have a board of directors to decide when and how much to pay. CU's should be given as much or more time than banks to implement any potential proposal. The combination of so many proposals increases the difficulties LICU's like mine face when trying to figure out how they're affected.

The proposal is too much, too soon, without limits, or benefits and overly burdens CU's. Thank you for the opportunity to comment on this proposal. Please consider our views on Risk-Based Capital Requirements.

Sincerely,

Lucia Moreno-Linares
CEO
Family FCU

cc: CCUL