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To: regcomments@ncua.gov

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

Re: Prompt Corrective Action; Risk-Based Capital

Dear Mr. Poliquin:

System United Corporate Federal Credit Union (SunCorp) welcomes the opportunity to comment on the proposed rule concerning Prompt Corrective Action; Risk-Based Capital (PCA/RBC) issued by the National Credit Union Administration Board and published in the Federal Register February 24, 2014. The Board's intention of creating a rule that makes credit unions a viable, financially secure cooperative system for consumers is commendable. Credit union Boards and leadership teams have those same goals in managing the daily cooperative system they are employed to protect as fiduciaries. However, the proposed rule, as written, goes too far in its implementation toward by creating a capital regimen more rigid than those used by other financial intermediaries, while at the same time restricting the ability to create retained earnings that act as credit unions only source of capital. Without significant changes to the proposed rule the ability of credit unions to provide the financial services required by their members will be restricted making them uncompetitive relative to other financial institutions. The rule should be removed in order to work with industry groups to develop a rule that meets the regulatory and business needs of the cooperative system that the individual credit union Boards are charged with governing.

Three key points should be considered in evaluating any proposed rule going forward: the impact of the financial crisis on credit union's capital management and the insurance funds relative to credit union's uniqueness when compared to other financial institutions and their regulatory agencies, the ability to fulfill natural person member's financial needs via the creation or management of capital (i.e. retained earnings) from risk management activities and the intent of the law that created PCA/RBC in the first place, the Credit Union Membership Access Act (CUMAA).

The past seven years have seen significant losses that have resulted in impacts to the federal insurance safety net of both the NCUSIF and FDIC. When comparing credit unions and banking losses to their respective insurance funds the outcomes are striking as the FDIC required 5 years of premiums prefunded in order to remain solvent, while

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the NCUSIF did not. Despite lower losses because of sound credit union risk management and regulatory environment, the proposed rule creates an environment where credit unions are required to hold a larger cushion of capital than their competitors while still living with restricted lending and financial service opportunities. This appears to be fixing a problem that does not exist. The impact to members will be higher costs, fewer financial service offerings or possible moves by credit unions to change charters in order to provide those member required services. The regulation as proposed should be removed from consideration in order to create a solution that meets the intent of the NCUA Board to preserve a financially stable cooperative system.

The proposed rule creates a higher standard for retained earnings (capital for most credit unions) than other regulations governing OCC, FDIC or Federal Reserve regulated banks, while restricting the ability to create earnings through limited lending and investment activities. When these restrictions are combined with no ability to attain secondary capital to manage risks the way banks or other financial institutions manage risk the credit unions are placed at significant disadvantage in meeting their member's needs for financial services. Unfortunately for credit unions, this dichotomy results in lower earnings, limited ability to manage capital and elimination of risk management through risk aversion. The rule should be removed from consideration and materially changed based on a fact based comparison to the differences in the business and capital models employed by credit union as compared to other regulated financial institutions.

The current NCUA Rules and Regulations regarding PCA/RBC were created following the passage of CUMAA in 1998. The proposed regulation is implied to be directly tied to the intent of CUMAA, which does not appear to be the case. We recommend a review of the federal register and the documents surrounding the intent of the law as passed to modify PCA/RBC that meets that laws intent while providing a manageable outcome that does not impact member's in their search for competitive, cooperative financial products.

We would like to thank the NCUA Board for this opportunity to comment on the proposed rule and encourage the Board to reconsider, remove, table or rewrite the proposed rule to meet its intended outcome.

Respectfully,

N. Brandt Peterson



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Executive Vice President/Chief Financial Officer

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