From: Patrick Mahaney
To: _Regulatory Comments
Subject: 12 CFR Parts 700, 701, 702, 703, 713, 723 and 747 Prompt Corrective Action, Risk Based Capital
Date: Wednesday, May 28, 2014 10:51:01 AM

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

Dear Mr. Poliquin,

I appreciate the work you do and the opportunity to file this comment letter.

Looking at the 1934 Credit Union Act, the main intent was to promote thrift and provide
opportunities to provide credit through a system of cooperative entities called credit unions.
The NCUA was formed in 1970 to help charter and supervise federally chartered credit unions.
The NCUSIF also was formed to insure member deposits and was created using non-tax dollars.
Unsaid in these events is the underlying purpose for the Act and the Agency and that is to promote
and create an atmosphere of commerce and trade by providing resources where other avenues and
agencies have either failed or ignored.

The rule as currently being promoted strays from the tenets mentioned above. The arbitrary
ability of examiners to impose higher minimum risk based capital requirements then the regulation
proscribes is outlandish. The appeals process is onerous and has been unsatisfactory at best.

There is a concern over the way rating of risk is being assigned to various loans such as mortgages and business loans and also with CUSO investments. This could have an alarming restrictive affect on the ability of credit unions to serve their members and stymie the promotion of small business and credit to membership.

The proposed definition of a complex credit union as proposed in 702.103 as being $50 million or more in assets instead of looking at balance sheet components. A focus on risk based elements within the balance sheet would represent the definition better. Also the proposal is in contradiction of the Credit Union Act section 216 where the act looks at the liabilities and assets and not just the assets as proposed.

Also, with the complexity of the proposal and amount of preparation required to set it into motion the 18 month implementation period is at best difficult and at worst impractical for the requirements outlined in the proposed rule.

The unintended consequences of this rule will at best be damaging to the system. It will create a tighter credit market for consumers. It will also serve to cut off credit when the need to promote and grow small businesses is at its' greatest since the Act was passed into law.

Thanks again for the opportunity to comment and for your time.

Patrick J. Mahaney

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