RONALD J. SEAMAN
7724 Kensington Drive
Citrus Heights, CA 95610

May 27, 2014

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

RE: **Proposed Risk-Based Capital Rule (RDIN 3133-AD77)**

Dear Mr. Poliquin:

I appreciate the opportunity to comment on the NCUA's Proposed Risk-Based Capital Rule. I am the Chairman of the Board of SAFE Credit Union in North Highlands, California. I support the concept of implementing an approach that effectively quantifies the risk associated with each type of an institution's assets and ultimately produces a risk-adjusted capital ratio.

Currently our Board has a concentration risk policy. We have established policy limits for out various assets and review each of them. Each of our products is analyzed as a percentage of assets or total loans. We will take action if the product is above policy limits. We also have a concentration risk capital matrix.

In this analysis, we look at our total capital (regulatory) and adjust it for interest rate shock of plus 300. We then adjust it for credit risk in our various loan products. This provides adjusted capital which is then adjusted by our allowance for loan loss. This new adjusted capital position is compared to our regulatory capital position. We now know our capital cushion. I believe we are managing our risks. If NCUA believes a change is necessary, I would like you to consider a risk-based capital rule that mirrors BASEL III.

I understand that BASEL III applies to banks. There are many variances in risk weightings under NCUA's proposed rate to those applied to banks.

It is unclear why the NCUA is putting heavier weightings on certain assets categories than these imposed by the BASEL III standards for banks. What is the fundamental difference between a member business loan originated by a credit union and a commercial loan originated by a bank that triggers the need for NCUA to apply 150% or 200% weighting versus 100% for a bank. I would ask NCUA to re-evaluate the risk weightings for all asset categories.

The implementation period of only 18 months is a relatively short period of time to comply with the new proposed rules. Balance sheets typically do not re-adjust in 18 months and credit unions cannot simply raise additional capital. If SAFE was below the capital requirement under the new proposed rule, the Board would be hand-pressed to implement strategic adjustments to meet the new capital requirement in 18 months.

I would support NCUA extending the effective date to at least three years after publication of the final rate for credit unions to adjust their balance sheets

I believe a risk-based capital system is an appropriate step for the credit union industry to take. I only ask that the methodology used to implement such a system is built on practical and supportable logic that accurately measures the capital risk embed in a credit union.

Our Board will continue to grow SAFE and meet member needs. I ask NCUA to allow us to do that without implementing the current proposed risk-based capital rule.

Sincerely,

Ronald Seaman
Board Chair
SAFE Credit Union