From:	Stanley Fraser
To:	_Regulatory Comments
Subject:	Prompt Corrective Action Risk-Based Capital Comment Letter
Date:	Wednesday, May 28, 2014 11:30:08 AM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Nebraska Energy Federal Credit Union, which serves employees in the electric power industry in Nebraska. We have 10,652 members and $250 million in assets. Nebraska Energy Federal 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.

May 28, 2014

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

Re: NCUA proposed risk based capital requirements Dear Mr. Poliquin,
Thank you for the opportunity to add to the comments related to NCUA's risk based capital (RBC) proposal.

I believe the capital requirement for credit unions should be the lesser of the risk based capital requirement or 7%. Further, there is no category of loans or investments, including loans to and investments in a CUSO that merits greater than 100% reserve.

I suggest NCUA seek to preserve the unique differences inherent in our industry. Specifically, NCUA should not approve more stringent RBC requirements than banks, which may lead to charter conversions of credit unions to banks.

Comparing the maturities of various securities cannot be a valid indicator of interest rate risk, as step-up and adjustable rate securities may have less interest rate risk than fixed rate ones.

Remove the ability of examiners to subjectively increase credit unions required risk based capital ratio beyond 10.5%. It would be unwise to promote an environment where Regional Directors or their reports could set their own higher standards for capital in individual credit unions. This could lead to an attempt by those with ambitions within the Agency to appear “tougher” than their counterparts by requiring higher standards. This type of gamesmanship can be avoided by eliminating the authority to arbitrarily set higher subjective standard for one credit union. It is imperative that credit unions know exactly what their regulatory capital expectations so they are able to manage to a specific requirement.

Finally, the proposed 18 month implementation period for such a significant proposal should be extended to 7 years. Those credit unions that have to increase capital will need a long period of time to do so, considering we are cooperatives, our only source of capital is net income, net interest margins are at one of the lowest points they have been in years, and the economy is still struggling.

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

Stanley Fraser, President/CEO
Nebraska Energy Federal Credit Union
Columbus, Nebraska

Sincerely,

Stanley Fraser
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Columbus, NE 68601