May 28, 2014

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

RE: Comments on Proposed Rule: PCA- Risk Based Capital

Dear Mr. Poliquin,

Portland Federal Credit Union would like to express our appreciation for the opportunity to comment on the NCUA proposal for Risk Based Capital. Portland Federal Credit Union is a federally chartered community credit union in Michigan serving approximately 23,000 members with 250 million in assets and 9.4% in net worth.

As the proposal is currently written PFCU would be one of the credit unions that would remain well capitalized. If we were concerned only for ourselves and not the credit union movement our letter would end here. However that is not the case. I am not sure that this rule is completely justified in that losses from the recent economic downturn were much less in the credit union arena that that of our banking counterparts and yet these rules would be much more stringent than that of the banks.

In the case of Individual Minimum Capital Requirements we believe that NCUA has allowed in this part of the regulation the individual examiner much more latitude than necessary. This allows subjective measurements that may never be able to be met. A credit union will never know when this part of the regulation may be enforced. We believe that this part of the regulation needs to be clearly defined with specific limits or deleted from the regulation.

PFCU has been very careful when putting mortgage loans on our books to be mindful of the interest rate risk that we were establishing. It seems wrong that mortgages are risk weighted more as the concentration goes up but not as the maturity changes. A 10 year mortgage and a 30 year mortgage have the same risk weighting if the credit union has over 25% of their assets in mortgages. We believe that we need to pay attention to concentration risk but it certainly is not the same as interest rate risk. Some of that gets lost in this part of the regulation. It does seem odd that NCUA would give the same risk weight to unsecured credit card loans as to new and used vehicle loans as we all know that the risk is definitely not the same.

We do not understand why the NCUSIF deposit is excluded from the calculation of RBC. The 1% deposit is an important asset for all of us. This should not only be included in the calculation but we believe that it should be included at a 0% risk.

Included in this proposed regulation is the ability for NCUA to restrict dividend payment. We believe that this decision should be left to the Board of each individual credit union. We do not believe that NCUA belongs in the day to day operations of individual credit unions.

The implementation time frame for this proposed regulation has to be extended. This regulation has given credit unions no access to supplementary capital but somehow believes that we can raise enormous amounts of capital in an 18 month period. This needs to be extended much further. Basel III allows a 5 year time frame for implementation we should have no less.

Portland Federal Credit Union (PFCU) believes that Risked Based Capital certainly has its place in our industry. We believe that a well thought out plan could make our industry not only safer but stronger in the future, however, we do not believe that this rule has been completely well thought out. As we emerge from the worst economic disaster that our country has known since the Great Depression, we find ourselves in a time of recovery. A time to recover from some losses that none of us thought we would ever have. A time to figure out how to increase capital in the lowest interest rate environment in so many years. We emerged from the economic crisis better than our banking counter parts. We saw the collapse of some of the corporate credit unions and took care of our industry without the help of TARP funds. So we see credit unions emerge from the crisis with less loss experience to the NCUSIF than that of the banks to the FDIC and the RBC proposal will have capital requirements that are more stringent than that of BASEL III.

We are finally starting to see our members want to borrow again. We are seeing our members want to invest in our communities and we need to be a part of that. Instead we have a rule proposed that will limit that growth and our ability to compete in the marketplace.

Thank you again for the opportunity to comment on this proposed rule.

Sincerely,

Harvey Hoskins	Tammy Bengel
President and Chief Executive Officer	Chief Financial Officer