From: Andy Barkley
To: _Regulatory Comments
Subject: Re: Prompt Corrective Action / Risk Based Capital
Date: Wednesday, May 28, 2014 4:58:42 PM

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

Re: Prompt Corrective Action / Risk Based Capital
12 CFR Parts 700, 701, 702 et al.

Dear Mr. Poliquin,

I am writing on behalf of Associated School Employees Credit Union, which serves Mahoning, Trumbull and Columbiana Counties in Ohio. We have 16,500 Members and $147 million in assets. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Risk-Based Capital, fundamentally, is a sound idea. The implementation as set forth by the Proposed Rule, however, has many concepts that should cause Credit Unions great concern. We would respectfully request this rule be withdrawn until such a time as more intensive evaluation can be given to the more troubling aspects of the rule, such as…

<u>Supplemental Capital</u>. To consider addressing the capital restructure of credit unions without first considering their supplemental capital needs is both short sighted and incongruent. If NCUA wishes to address the capital issues of the movement, it should address this issue far in advance of a scheme to risk weight assets.

<u>Comparison to Community Bank Basel III Risk Weightings</u>. As I'm sure has been highlighted in hundreds of comment letters to date, Credit Unions have risk weightings assigned under this proposal that are vastly different than those imposed on community banks under Basel III. Without further study and explanation, it would appear that these more restrictive weightings were assigned arbitrarily and without any rationale. The institutions subject to these potentially damaging assignments deserve a process far more academic than throwing darts at a board.

<u>Individual Minimum Capital Rule</u>. It is alarming to see a section of this proposal that would allow the imposition of additional capital requirements, potentially in excess of those levels that would be considered well capitalized. There is a possibility here for the inconsistent application of the rule, done on a capricious basis. And quite frankly, removes further management authority, jeopardizing the democratic principal of allowing an elected board of directors and its professional management team, from doing the job the membership has "hired" it to do.

<u>Implementation Period is Too Short</u>. As a seasoned compliance officer and someone charged with assuring our credit union is compliant with the continual barrage of rules and regulations, I can

assure you that an 18 month implementation is nowhere near reality. The banks had 9 to 10 years to implement similar requirements under Basel III. Perhaps we don't need ten years to put such a plan in motion, but we certainly need far more time to study and discuss this proposal, and much more than 1.5 years to implement.

State Supervision. Finally, like many of my colleagues, I am concerned that your proposal has eliminated the vital input of many state regulators. As a Credit Union chartered in the State of Ohio, I would fully expect that they should be given the opportunity to take part in the crafting of such a complex, and game changing regulation. NCUA has an obligation to consult with the states on PCA, and failed to do so before this proposal was issued. That usurping of regulatory authority is both alarming and troubling.

The idea behind risk based capital is sound, however, NCUA's proposed delivery of this idea is fraught with peril. You can't strengthen a building by damaging the foundation. This proposal should be immediately tabled, and further consultation with industry participants, CEO's, Board Members and State Regulators should occur before it is lifted.

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

Andy Barkley
Vice President of Compliance
Associated School Employees CU
1690 S Canfield Niles Rd
Austintown, Ohio 44515
abarkley@asecu.com