

April 16, 2015

To: regcomments@ncua.gov

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:

HawaiiUSA Federal Credit Union appreciates the opportunity to comment on the National Credit Union Administration (NCUA) Board's second proposal to revise and replace NCUA's Prompt Corrective Action (PCA) rules. We commend the Board for its responsiveness to the 2,000+ comments received from our cohorts and continue to support the Board's effort to develop a thoughtful risk-based capital methodology that captures the inherent risks of each credit union.

Although HawaiiUSA would remain well-capitalized under the revised rule, we believe the second proposal may detrimentally impact the Credit Union Industry's ability to compete with other financial institutions and effectively service our members with progressive products and services. To that end, this letter presents several comments for the NCUA Board's consideration in reviewing and developing a final version of the Proposed Rule.

General Comments

1. HawaiiUSA applauds the removal of the interest rate risk components from the initial proposal; however, we strongly disagree with NCUA's assertion that new methods to measure interest rate risk are necessary. The 2010 FFIEC Advisory on Interest Rate Risk, to which NCUA was a signatory, continues to be the most appropriate mechanism by which to evaluate and monitor Credit Union interest rate risk, particularly for those institutions that would be covered by the new risk-based capital guidelines. Any additional regulatory burden would potentially erode the industry's ability to effectively compete against other financial institutions.
2. As stated in our response to the initial proposal, HawaiiUSA strongly recommends that supplementary capital access be granted to all credit unions. This action will allow Credit Unions to meet the new risk-based capital standards, while enhancing products and services to address the ever-changing demands of our membership. Like our cohorts, we encourage the agency to issue supplemental capital guidance prior to the effective date of the final risk-based capital rule.

3. HawaiiUSA asks the NCUA to develop a comprehensive process to evaluate future regulatory proposals and actions prior to seeking industry comment. The initial Risk Based Capital proposal unnecessarily cost the credit union industry a tremendous amount of time, energy and resources in addressing this rule.

Thank you again for the opportunity to comment on the Proposed Rule. Should you have any questions or would like to discuss these comments further, please contact me at 808-844-8006 or at gchang@hawaiiusafcu.com.

Sincerely,

A handwritten signature in black ink that reads "Gregory C. Chang". The signature is written in a cursive, flowing style.

Gregory C. Chang
Senior Vice President & Chief Financial Officer