From:	Diana Taxiera
To:	_Regulatory Comments
Subject:	Diana Taxiera - Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77
Date:	Monday, April 27, 2015 10:04:29 AM

April 27, 2015

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

RE: Risk-Based Capital Proposed Rule: RIN 3133-AD77

Dear Mr. Poliquin,

Thank you for the opportunity to submit comments to the National Credit Union Administration ("NCUA") on the revised Risk-Based Capital proposed rule ("Proposed Rule"). I appreciate the improvements made in revised proposal; however, the rule as currently proposed still remains flawed. Please review the following concerns and consider further improvements to the proposed rule.

Requirements for Capital Adequacy is Unclear

The Proposed Rule requires that "complex" credit unions "must have a process for assessing its overall capital adequacy in relation to its risk profile and a comprehensive written strategy for maintaining an appropriate level of capital" and "the nature of such capital adequacy assessments should be commensurate with the credit union's size, complexity, and risk-profile." The requirement for credit unions to have a comprehensive written strategy poses excessive regulatory burden to credit unions and the ruling is too vague. There are no clear guidelines and/or criterions of an NCUA's defined "comprehensive written strategy" for credit unions and NCUA examiners within the proposed regulation. This results in inconsistently applied requirements throughout the NCUA and its regions. Credit unions already have adequate capital adequacy policies, processes and procedures in place, therefore the NCUA should remove the requirement of a written strategy from the Risk Based Capital ("RBC") rule. Furthermore, this proposed requirement appears to be a strong resemblance to the Capital Planning and Stress Testing rules issued last year for credit unions with assets of $10 billion or more.

Significant Under Estimation of the Regulatory Burden

The Proposed Rule's Paperwork Reduction Act estimates the additional data collection requirements for an estimated 1,455 complex credit unions to be a one-time 40 hour burden, or $1,276 cost per credit union. The Proposed Rule does not incorporate the estimated burden for establishing a comprehensive written strategy for maintaining an appropriate level of capital and other changes to the credit union's operations other than data collection. The effects of this proposal will be a much greater burden on complex credit unions upon the implementation year and for ongoing years. The NCUA's final rule on Capital Planning and Stress Testing estimated 750 hours of paperwork burden in the initial year and 250 hours in subsequent years.

Other than submitting a plan to the agency, it is unclear how the requirements of this proposal differ from the final rule on Capital Planning and Stress Testing. Using the cost estimate previously utilized by the NCUA, a more reasonable estimate (compared to zero) would be $23,926 per credit union or $34.8 million to the industry for the initial year of the final RBC rule. Additionally, there would be an ongoing annual cost of $7,975 per credit union or $11.6 million to the industry. Over a five year period, the cumulative cost to the industry would be approximately $81.2 million.

Implementation of the Final RBC Rule Should be Beyond 2019

Thank you for recognizing an effective date of eighteen months was not reasonable. The Proposed Rule has an effective date of 2019, or approximately four years. It is unclear when the NCUA will implement the changes needed on the Call Report system to require information for calculating the Risk Based Net Worth ("RBNW") under the final RBC rule. Other Agencies provided seven years with a phase-in requirement. Should the NCUA choose to continue utilizing Other Agencies as a guideline for this Proposed Rule, the final rule should have a similar seven-year implementation period or beyond.

The year of the liquidation of the Temporary Corporate Credit Union Stabilization Fund (TCCUSF), which is scheduled to occur in 2021, should be an additional consideration for the NCUA to further delay the implementation of the final RBC rule. The final rule's implementation date should coincide with TCCUSF liquidation to enable this distribution to become part of the calculation in determining a credit union's RBNW.

Thank you for the opportunity to provide feedback on the Proposed Rule. Although significant improvements were made, the proposal still mirrors the bank's regulatory capital rule and poses excessive regulatory burden. The implementation of such regulation will negatively impact the credit union industry as a whole. It's imperative that further improvements are made to better fit the industry. I appreciate the opportunity to provide feedback and am hopeful for a positive outcome.

Sincerely,

Diana Taxiera
Accounting Manager
Digital Federal Credit Union