

April 26, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

As the President / CEO of Valley First Credit Union I am writing on behalf of our Credit Union in opposition to the proposed Risk-Based Capital Rule. Valley First Credit Union is located in the heart of California's central valley agricultural region and serves residents in 10 counties. We have approximately \$550 million in assets and have 11 branches to serve our 65,000 members. We appreciate this opportunity to express our feelings on this proposed regulation.

As I stated in my original letter to the original proposal, it is my belief that that a risk-based capital (RBC) rule is not needed and would create an additional unnecessary regulatory burden on credit unions. Valley First Credit Union and the Credit Union system held up very well during the economic melt down under the current capital adequacy requirements in place.

It is my understanding that this regulation comes with a very large implementation cost, \$3.7 million, while only requiring 19 credit unions to raise additional capital. This fact alone should highlight that the rule is unnecessary and unwarranted. Dollars spent on implementing this rule could be used by the insured credit unions to provide benefit(s) to our membership.

If the NCUA is concerned about a few outlier credit unions that could jeopardize the NCUSIF by taking on too much risk, the agency should address risk on a case-by-case basis and not use a broad-brush approach through regulation. This proposed rule should be withdrawn and the agency should use the concepts as tools, not a rule.

Valley First Credit Union urges the NCUA to withdraw the proposal as we believe it is unnecessary given the solid performance of credit unions and the NCUSIF during the recent financial crisis. The estimated costs to implement the rule to address a few outliers are extreme and unwarranted. Instead, the NCUA should address risk on a case-by-case basis.

Absent withdrawal of the proposal, the NCUA must ensure any final rule is sensible and establishes a single requirement for adequately capitalized, includes the use of supplemental capital for RBC purposes, and does not create unnecessary regulatory burdens.

Thank you for the opportunity to comment on the proposed rule and strongly urge the NCUA to once again consider the industry's comments.

Sincerely,

Hank Barrett
President / CEO
Valley First CU

cc: CUNA, CCUL