

April 27, 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,

I am writing on behalf of Cal State L.A. Federal Credit Union. We have 4500 Members and \$42 million in assets. Cal State L.A. FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Risk Based Capital Rule.

Under the proposed rule, Cal State L.A. Federal Credit Union would be exempt from the RBC requirements; however, we are concerned about the impact the rule will have on the industry as a whole.

Each credit union is unique based on the products and services offered and their degree of risk. Assigning a definition of "complex" based on asset size alone is a one-dimensional approach based on a singular, faulty perspective. Systemic rules like RBC are inflexible, and do not allow individual credit unions to manage their risk effectively, as they have been doing under the current PCA rules. Credit Unions should be defined as complex based on the individual risk presented in their balance sheet.

We are particularly concerned about the 150% risk weighting on CUSOs that are owned by multiple credit unions. These CUSOs are providing much needed economies of scale, helping to obtain levels of expertise that an individual credit union may not be able to afford or obtain on their own. Assigning an unjustifiably high risk weighting to these multi-owned CUSOs, which are important collaborative tools for our industry, is not reflective of the actual risk imposed by these CUSOs. Based on 2014 data, federally insured credit unions have only 17 basis points of assets invested in CUSOs. Clearly, CUSO investment is not a systemic risk to the NCUSIF.

We do not support the proposed Risk Based Capital rule. Enacting a rule that adds more complexity and burden without adding any real value is unnecessary and costly. The NCUA should give more credence to the strong historical performance of credit unions, rather than implement a one-size-fits-all mandate.

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

Sincerely,

Ida Chapko
CEO
Cal State L.A. FCU

cc: CUNA, CCUL