April 06, 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 CalCom Federal Credit Union. We have $66-million in assets and we serve 8,200 members that are primarily healthcare and city employees in the Los Angeles County area. We would like to thank you for the opportunity to comment on the proposed rule of the National Credit Union Administration on Risk-Based Capital.

1. We believe that the revision to the proposed rule continues to impede upon the growth potential of credit unions and places undue disadvantage on credit unions in the marketplace. The proposed rule continues to be more restrictive in certain aspects compared to risk-based weights that are applied to banks. It places the credit union industry at a competitive disadvantage since banks have tools to raise capital by alternative means, while credit unions are still reliant on net income. We reiterate the importance for the industry to have an alternative way of supplementing capital before additional restrictions to capital is implemented.

2. The proposed rule continues to provide higher restrictions on asset allocation due to concentration. We believe that consideration be made not on the basis of concentration but simply on the inherent risk of the asset type. We reiterate that concentration risk addresses itself since the dollar amount applied against the risk weight increases as concentration increases. There is no real need to increase the risk weight and the same is recognized in Basel III by assigning the same risk weights regardless of concentration in any particular asset type.

3. The proposed rule continues to assign risk weight on Share Secure Loan. We believe that there is no inherent risk to the credit union for holding this asset type and it should be reflected by a 0% risk weight.

4. We share CUNA's concern about defining the credit union's operation as "complex" solely based on an asset threshold. We believe that complexity should be based on the actual composition of the credit union's asset and liabilities. We also share CUNA's view that if a threshold in asset is established to define complexity, then that threshold should be indexed allowing it to adjust periodically.

5. We see it as a positive step that NCUA included the Allowance for Loan and Lease Losses as part of the numerator for Risk-Based Capital ratio. We continue to believe that NCUSIF capitalization deposit should not be excluded. Excluding NCUSIF deposit from the numerator discounts the fact that the deposit has been specifically set aside for capitalization purposes.

6. We continue to believe that the "Individual Minimum Capital Requirements" rule is loosely defined and continues to allow NCUA to subjectively impose on credit unions higher capital requirements simply due to NCUA's appetite for risk or lack thereof.

Again, thank you for the opportunity to comment on this proposed rule and considering our views on Risk-Based Capital.

Sincerely,

Jon Hernandez
President/CEO
CalCom FCU

cc: CUNA, CCUL