



May 9, 2017

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

Sent via email: regcomments@ncua.gov

Re: Comments on Proposed Rule – Alternative Capital

Dr. Mr. Poliquin:

On behalf of CoastHills Credit Union, I would like to commend the Board for the further evaluation of capital options for Credit Unions. We are pleased to provide a few summary points below. Operating on the Central Coast of California, CoastHills is a federally insured state-chartered Credit Union with \$1.04 billion in total assets and 64,000 Members.

1. **Secondary Capital Changes.** Changes to the regulations pertaining to secondary capital for low-income-designated credit unions are worthy of consideration. Despite the significant increase in such credit unions in recent years, this remains largely an unviable tool. If it could be restructured to be more viable in the market without triggering SEC reporting requirements, a significant option would exist for credit union net worth management.
2. **Alternative Capital.** Creation of alternative capital, which will only apply to risk-based net worth requirements under current law, is a very different concept, and might ultimately serve a narrow segment of the industry. Such capital would likely trigger SEC compliance, and would almost certainly result in a significant political backlash and possibly protracted litigation. If the Board moves forward with this, qualification requirements will be important so that alternative capital is competently deployed.

I would be pleased to further discuss this with NCUA staff or the Board, if desired.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marty Chatham", with a long horizontal flourish extending to the right.

Marty Chatham, Senior Vice President & Chief Financial Officer
CoastHills Credit Union, Lompoc, California