

August 28, 2018

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-Supplemental Rule

Dear Mr. Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of VA Desert Pacific FCU, which serves employees and retirees of the Department of Veteran Affairs in the Southwest (and their families). We have 5600 members and \$75m in assets. VA Desert Pacific FCU appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed Risk-Based Capital-Supplemental Rule.

We appreciate the fact that the threshold for the regulation is being raised from \$100 million to \$500 million. While it covers 10% of credit unions, it covers over 75% of assets. That seems appropriate, since the burden of compliance is proportionately higher for credit unions in the \$100-\$500 million range.

We also support the effective date change for the 2015 Final Rule from January 1, 2019 until January 1, 2020. Even though our credit union would not be required to comply, the anticipated impact of the regulation on capital requirements could be significant for impacted credit unions. It's only 4 months until January 1, 2019. Credit unions affected should have time to prepare and shift asset mix or increase reserves throughout 2019. It doesn't make sense to have the rule, even though in discussion for several years, take its final form just a few months before the effective date.

I agree with using a single asset-size threshold, based on a complexity index and complexity ratio. While it's usually simplistic to treat all credit unions in a certain size as the same, the complexity ratio will allow for some differentiation without making the rule overly complex. It's cumbersome enough already without adding layers to the treatment of asset sizes.

While it's difficult to force numbers to interpret fluid activities, it makes sense to start somewhere. It appears that the amendments aim to focus on the "most complex" of "complex" activities, enabling credit unions to use portfolio mix to mute the impact of additional reserve requirements. We support the proposed amendments to the complexity index indicators.

Overall, we believe the amended rule will be adequate for its purpose.

Thank you for the opportunity to comment on this Proposed Rule and for considering our views on the Risk-Based Capital-Supplemental Rule.

Sincerely,

Cindy Glessner
CEO
VA Desert Pacific FCU

cc: CCUL

