



3138 10th Street North
Arlington, VA 22201-2149
703.842.2215 | 800.336.4644
F: 703.522.2734
dberger@nafcu.org

B. Dan Berger
President & Chief Executive Officer

National Association of Federal Credit Unions | www.nafcu.org

January 28, 2014

The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Richard Metsger, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: NCUA Risk-Based Capital Rule

Dear Chairman Matz, Board Member Fryzel, and Board Member Metsger:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing to you regarding the National Credit Union Association's (NCUA) proposed rule entitled Prompt Corrective Action – Risk-Based Capital. NAFCU is in the process of seeking feedback from our members and will submit our full comments prior to the close of the comment period.

I wanted to take the opportunity to inform you however, that NAFCU has already received many comments from our members and the proposal has only been issued for several days. In particular, these comments have raised concerns with whether the NCUA has achieved appropriate risk weighting in its proposal.

We question whether the risk weighting proposed actually matches real risk in the system. The proposed rule assigns rigid risk-weights to many investments that when properly examined represent much less risk than the assigned risk-weights. As NAFCU has stated previously, capital requirements should not be a substitute for proper credit union management or appropriate examinations.

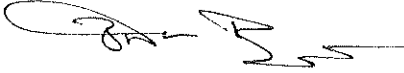
The proposed rule also takes quite a step forward in several areas by increasing NCUA authority to impose additional capital requirements on credit unions based on the subjective opinion of the examiner. NAFCU members have significant concerns in this area as well.

NAFCU is closely analyzing all components of the proposed rule and urges the NCUA to carefully consider all of the comments it receives and be receptive to changes. Furthermore, we continue to believe that legislative risk-based capital requirements are needed to create a fair system and urges the NCUA to join NAFCU in pursuing these changes.

I appreciate you listening to our concerns and concerns of our members. Should you have any questions or would like to discuss these issues further, please contact PJ Hoffman, NAFCU's

Regulatory Affairs Counsel by telephone at (703) 842-2212 or by email at pjhoffman@nafcu.org
or me by telephone at (703) 842-2215 or by email at dberger@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger", with a stylized flourish at the end.

B. Dan Berger
President and CEO
National Association of Federal Credit Unions