

From: [Johnny OHare](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action ??? Risk-Based Capital Comment Letter
Date: Wednesday, February 26, 2014 6:40:09 PM

Dear Secretary of the Board Poliquin,

I am writing to you today as CEO of Mid Missouri Credit Union, a \$210 million financial cooperative that serves nearly 26,000 members within a 9-county footprint in central Missouri. Mid Missouri Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Under the proposed guidelines, we believe that we would remain well capitalized, with a RBC estimate of approximately 13.7%, given the 10.5% baseline requirement.

60 years strong, we are a relatively vanilla financial institution, serving the needs of active military, retirees, young adults, smaller businesses, and local families. At our essence, we are a Direct Consumer lender. As such, we don't add a lot of risky assets to our balance sheet, such as longer-duration or derivative-based investments, larger Member Business Loans, and first mortgage concentrations.

We get the concept, and believe that some form of risk-based capital calculation is actually prudent, to reward those institutions that don't stretch too hard for earnings or put their Member's deposits at extraordinary risk.

However, we are concerned about the NCUA's ability to determine higher risk-based capital requirements, based on their experience, which adds a great deal of subjectivity to an objective standard. In a perfect world, if such flexibility were allowed, we'd like to see an arbitration board or 3rd party regulator review and approve any request by NCUA to impose a higher RBC standard upon any individual credit union.

We also don't believe that NCUA should be able to restrict dividend payments as the proposal would provide, as this crosses beyond the healthy firewall of regulation, and into the realm of management - something that we believe is a dangerous precedent to set.

We respect that the NCUA, and regulatory bodies in general, have a difficult mission: be fair to the organizations that it regulates, while serving its prime mission of minimizing losses to insurance funds and the taxpayers that ultimately back those funds.

It is with this in mind that we support an RBC requirement, but ask that NCUA not be given authority to impose individual minimum RBC levels, or restrict dividend payments.

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

Respectfully submitted,

Sincerely,

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