

From: [Mimi Elwell](#)
To: [Regulatory Comments](#)
Subject: NCUA Rule Proposal: Risk Based Capital
Date: Sunday, May 18, 2014 6:23:51 PM

May 18, 2014

I am writing on behalf of Honor Credit Union, which serves the State of Michigan. We have over 40,000 members and \$491,000,000 in assets. Honor 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.

The scope of the proposal is ambiguous and discriminatory against a complex credit union with strong financials and a proven ability to serve its members. For over 80 years Honor's volunteer Board of Directors has taken pride in service to the membership and this proposal directly impacts future investment and growth opportunities that have contributed to the past success.

While it is always important to protect the integrity of a member owned financial institution, it should be done through cooperation and collaboration with a regulator, rather than conflict. The latitude of the proposal has the potential to remove the important democratic process between the regulator and the credit union. It also creates a potential situation where regulators could impose personal unsubstantiated bias regulations on a case by case basis. This latitude is not only concerning but is outside the scope of the Federal Credit Union Act that governs the NCUA.

Honor does not agree with the risk weightings for the following.

- MBLs
- Mortgage Loans
- Longer-term investments
- Consumer loans
- CUSOs Investments and Loans

While there is a value in risk weightings, the above are skewed and will negatively impact the short and long term strategic plan of the credit union, and thus its members. One of the most concerning components is the weighting of the CUSO investment. It is challenging to understand why a CUSO investment would have a higher rating than a delinquent loan portfolio.

Honor Credit Union cannot come to a logical conclusion why our members' money would be excluded from any type of Risk Based Capital calculation.

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

Sincerely,

Mary Therese (Mimi) Elwell

Board of Director
Honor Credit Union