

From: [William Hauber](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Wednesday, May 21, 2014 4:40:08 PM

Dear Secretary of the Board Poliquin,

I am writing on behalf of Frontier Community Credit Union, which serves Leavenworth County, Kansas and the 5 adjoining counties; plus Department of Defense and civil service employees in a 100 mile radius. We have 11,215 members and \$112 million in assets. Frontier Community 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.

A number of the risk weightings, especially for member business loan and mortgage concentrations as well as for CUSO investments, do not appear to be properly calibrated for credit unions. Using higher risk weights on long-term assets to deal with interest-rate risk is misleading without considering liability maturities.

NCUA has not justified the need for the rule adequately. NCUA would assume additional authority to impose even higher capital requirements on individual credit unions that could exceed even well-capitalized level requirements. In addition, NCUA would also require the National Credit Union Share Insurance Fund 1% deposit to be ignored in the risk-based capital calculation.

We believe the risk weight associated with a Perpetual Contributed Capital (PCC) investment in corporate credit unions is too high and should be reduced to a level comparable to Federal Home Loan Bank stock investments. The higher risk-weight will negatively impact the ability for my corporate credit union to grow and add future members. Recent revised corporate regulations and the successful transition corporate credit unions have made to the regulations demonstrate that they're are highly regulated and operate in a safe manner. We urge reconsideration of the risk weight associated with a PCC investment to a lower level.

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

Sincerely,

William E. Hauber, President & CEO
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