

From: [Peter Butterfield](#)
To: [Regulatory Comments](#)
Subject: RIN 3133-AD77 Comments on Proposed Reg
Date: Monday, February 03, 2014 2:44:25 PM

It appears that the proposed **Prompt Corrective Action—Risk-Based Capital** is, at best, arbitrary in the proposed calculations for certain risk items. Studying the impact on my credit union – and granted, we would not be subject to the proposed capital changes immediately (since we presently are under the \$50 million threshold), the proposal would have a definite chilling effect on our desire to grow. We have historically been an agricultural-centered credit union from our inception in 1957. During the past 57 years we have made prudent loans for our farmer/rancher members and effectively managed our risk. However, the arbitrary proposal to risk-rate MBL's at .14% (if they exceed 15% of assets) would automatically push my credit union into the higher capital plateau. This has nothing to do with our history of handling our risks (an extremely low delinquency); our underwriting continues to be conservative, but, suddenly, we will be required to maintain a higher level of capital (regardless of our present "Well Capitalized" designation).

Also, I fail to comprehend why the ALLL calculation under the proposal is capped at 1.50% of loans outstanding – the interpretation being that the traditional method of gauging and assessing risk no longer applies. So we would be penalized for being conservative in our allowance – which should reflect real or perceived immediate risks. Instead, we would be subject to an arbitrary standard simply because we are an agricultural lender.

Respectfully Submitted,

Peter B. Butterfield, President/CEO



Peter B. Butterfield

President/CEO

519 Main Ave.

Lemmon, SD 57638

NMLS #411665

Ph 605.374.3380

F 605.374.3181

pbutterfield@sdplains.com