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February 12, 2014

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Mr. Poliquin:

I am writing to express my opposition to the proposed Risk Based Capital Requirements. I am the President of a $60M Credit Union in central Nebraska. We were chartered for the express purpose of helping Rural and Ag Interests fund their Nebraska farming operations; i.e. to make Member Business Loans. Although we have only been chartered as a Credit Union since 1984, our financial institution roots go back to 1906 in this area and we are heavily relied upon as a dependable source of rural financing.

In support of my opposition I offer the following:

- We have been serving the credit needs in this area for over 100 years.
- The proposed limit could result in a required decrease in our lending volume.
- A decrease in loan volume will further deplete earnings, putting our capital in a more precarious situation.
- A related decrease in deposits may be needed, which would negatively impact liquidity at a time when liquidity is being more closely scrutinized.

When reviewing the intent of the regulation, it appears the primary concern is large-scale losses for very large credit unions with a limited history of MBL lending. In contrast, we are a fairly small credit union that has specialized in MBL's since our original charter. Our circumstances do not appear to warrant this substantial increased capital requirement.

As alternatives to the proposed regulation as written, I would like you to consider the following:

- Increase the threshold from $50M to $250M. This higher limit would still encompass the very large losses that appear to be the primary concern, without penalizing the very small credit unions that this proposal would negatively impact.

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- Grandfather in Credit Unions that already are specializing in MBL's but do not meet the new criteria. Or at the very least, allow a five year window to work toward achieving the capital requirements so as to minimize the negative impact on membership.
- Base the requirements in part on asset quality, not simply asset type. The level of delinquencies, classified loans, and charge-offs would be factored in to not penalize CU's who are doing their job very well.
- Consider the qualifications of staff and their expertise in the MBL field, which would indicate a propensity to quality decision making.

Again, I can see a basis to require higher capital levels for extremely large credit unions that have a limited history of MBL lending and have a history of MBL problems. But for a small, rural credit union that has dedicated over 100 years to serving our members, it does not seem appropriate to limit lending, earnings, deposits and service to our membership when we have very limited options outside of MBL's.

I would therefore respectively ask that the NCUA carefully reviewed this proposed regulation, and either eliminate it or modify it so as not to be an unrealistic burden on small, rural credit unions such as ours.

I would welcome any questions you have. Please feel free to contact me at 308.946.3070 or by email at dpoppe@archerccu.org.

Sincerely,

Daniel Poppe
President