

**From:** [Dwayne Ashcraft](#)  
**To:** [Regulatory Comments](#)  
**Cc:** [syashewski@cornerstoneleague.coop](mailto:syashewski@cornerstoneleague.coop)  
**Subject:** Dwayne Ashcraft Comments of Proposed Rule regarding Risk-Based Capital  
**Date:** Thursday, May 01, 2014 12:51:51 PM

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On behalf of Arkansas Superior Federal Credit Union, I would like to offer the following comment letter on the recent NCUA proposed Risk Based Capital rule. While our credit union recognizes the need for a well balanced set of capital standards as an alternative to the current net worth standard, we have some serious concerns about the proposed Risk Based Capital rule that we feel must be addressed.

One concern we have is that the paid-in capital at corporate credit unions will be weighted at 200%. We feel that it would be more feasible to set that at 150%. We recognize that there is some risk as proven by the corporate crisis, but not as high as 200%. If it is set at 200% it would discourage corporate capital building under the new corporate credit union rules and adversely impacts NCUSIF.

Another issue has to do with the examiner having discretion to increase risk based capital requirement for an individual credit union based upon the examiner's subjective analysis of additional risk. If the examiner has the authority at his discretion to increase the required Risk Based Capital Ratio beyond 10.5% it would create an inconsistency of application, plus it is crucial for credit unions to know concretely what their regulatory capital expectations are and be able to manage a specific number.

Also there is no mitigating factor for LTV, credit rating or performance concerning mortgage loans. The loan to value, credit rating and performance should impact the risk weighting for mortgage loans.

We appreciate your willingness to allow Arkansas Superior Federal Credit Union to comment on this important regulatory proposal. We respectfully and strongly encourage you to consider possible improvements to the Risk Based Capital Rule in accordance with our recommendations included in this comment letter. It is crucial that any changes to the credit union capital system be appropriate to the risk and balanced with the ability to effectively manage that risk.

Sincerely,

Dwayne Ashcraft  
President/CEO  
Arkansas Superior FCU