



Headquarters:
PO Box 10
Maddock ND 58348
701-438-2222

Branches:
241 Hwy 2 SE
Rugby ND 58368
701-776-5869

PO Box 198
Bottineau ND 58318
701-228-5858

PO Box 176
Cavalier ND 58220
701-265-4355

1225 Hill Ave
Grafton ND 58237
701-379-2002

www.NorthStarCCU.com

May 12, 2014

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 252314-3428

RE: Comments on NCUA Proposed Rule: Prompt Corrective Action—Risk-Based Capital

Dear Mr. Poliquin,

The headquarters office of North Star Community Credit Union (NSCCU) is located in central North Dakota in the city of Maddock with a local population of under 500. NSCCU was founded nearly 75 years ago by a group of men who saw a need in the community for a funding source for agricultural input costs. The credit union has continually grown to an asset size of over \$150 million with 9100 members, 5 branches and 45 employees. Now, 75 years later, if NCUA's proposed Risk-Based Capital Rule goes into effect, these same type of loans are going to be harshly judged as risky ventures. NSCCU's bottom line is dependent on its agriculture loan portfolio. We have diversified in the past quarter century, so that we are now just under 50% ag loans and with more branches in less rural areas, we're confident our credit union is on very solid ground. This ground looks shakier when the proposed rule is applied, unfairly judging all ag loans as risky.

Using current standards, NSCCU is very well capitalized. Something that our Board of Directors and management is very proud of and committed to retaining. Should the proposed rule go into effect, it will in essence, tie the hands of our ag loan officers. Knowing the credit union's strong ag lending history, the loan staff and managers are in the best position to evaluate and determine acceptable risk levels for our credit union in our market area. This one-size-fits-all approach NCUA is taking ignores the policies, procedures and evaluations that NSCCU has in place to mitigate risks. In addition, mergers involving other ND credit unions looks less desirable as many of them too have serve a large agricultural sector.

We urge the NCUA to review the rules as proposed in the Risk-Based Capital Rule. The NCUA cannot take a one-size fits all approach and ignore relevant factors. Finalizing this proposed rule as written, will have a devastating effect on our credit union, members and entire communities.

Respectfully,

Mike Black
Board member NSCCU