

From: [James D Holt, ESQ](#)
To: [Regulatory Comments](#)
Subject: Prompt Corrective Action Risk-Based Capital Comment Letter
Date: Tuesday, May 20, 2014 12:10:10 PM

Dear Secretary of the Board Poliquin,

Mid American Credit Union serves over 30,000 members. Normally we have no real concerns with regulatory action regarding the stability of credit unions. We were chartered in 1936 and have been through the great depression and several severe recessions.

The current proposal for risk based capital starts out in the right place-attempting to assess capital in accordance with perceived risk. After that, it seems to lose its way. We control our risk by limiting concentration in too narrow an area of assets; by pricing loan risks appropriately; by setting reasonable underwriting standards; and various other methods. This has allowed us to set our ALLL appropriately and to maximize our undivided earning contributions to our capital.

It does not appear that the concentrations anticipated by NCUA properly consider the risk. We have minimal investments in several CUSOs, our Corporate and the FHLB of Topeka. We do not consider any of these as risks that require additional capital. Yet NCUA seems to consider some extreme risks in some of these.

We certainly disagree that some agent of NCUA should be able to impose a subjective standard of additional risk based on their judgment. Nor can we ascertain the value of excluding our investment in the NCUSIF.

It seems that this proposal needs much more development and maybe some academic study. Perhaps the Filene Institute or some similar entity that understands credit unions and could test various scenarios past present and future could help focus on appropriate issues that are more relevant than those anticipated by the proposed regulation would be beneficial.

Please defer any final action on this proposed regulation until additional information can be developed.

Sincerely,

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