

**From:** [Cathy Merrill](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Prompt Corrective Action Risk-Based Capital Comment Letter  
**Date:** Thursday, May 22, 2014 1:40:07 PM

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Dear Secretary of the Board Poliquin,

I am writing on behalf of Dowagiac Area Federal Credit Union, which serves the Community of Dowagiac, Michigan and the surrounding townships. We have 2601 Members and \$17,900,000 in assets. Dowagiac Area Federal Credit Union appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action - Risk-Based Capital.

Our credit union is currently under the threshold that has been indicated in the proposed rule but once we have reached that threshold I see how this rule will seriously inhibit our growth, vitality and viability. I think that with this change we will see a decline in the ability of our larger credit unions who have historically helped the smaller credit unions with mentoring, monetary and other types of support which if we lose that the smaller credit unions may basically decline in number which also translates to less credit union service access to the everyday consumer. What a pity.

I do not feel there is a need for this proposed system, in looking at the current structure in place and the issues that arouse during these past several years we as an industry did pretty well. If it ain't broke don't fix it. Under the proposed rule I think too many credit unions are going to be punished with higher capital set-asides requirements.

I also do not feel it would be a good idea to allow examiners to impose higher capital standards for individual credit unions. Develop a model that all follow and have a definitive calculation to determine what should be the amount of capital requirements or just stick to the current structure which has proven to work well within our industry.

I know NCUA has some very strong feelings about this proposal and so does the Credit Union industry so to give you my suggestions for making adjustments to this proposal:

1. Fix the proposed risk weights to reflect marketplace realities: the current weights bear no relationship to actual credit union losses over time.
2. Remove the interest rate risk component from the calculation and keep interest rate risk evaluations into the realm of the examination process.
3. Index the \$50 million threshold definition of Complex. Consider a safe-harbor definition of non-complex that would allow CU's to avoid the complex definition.
4. Remove the proposal to allow examiners to impose arbitrary higher capital standards on individual credit unions.

I have been with the credit union industry over 32 years and have seen this industry mature and blossom over the years. I hope that you will take into consideration the suggested changes to your proposed rule or as the CEO of a smaller asset sized credit union I see it will become even harder to continue to grow with these types of limitations placed on the industry.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk based capital requirements.

Sincerely,

Cathy Merrill, CEO  
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