



Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

RE: Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

As an employee of Central Minnesota Credit Union I am writing you regarding the Board's proposed rule on risk-based capital.

The proposed rule would prevent CMCU from meeting the MBL needs of our membership. The proposal's treatment of MBLs is far more restrictive than Basel III is for small banks, and is not warranted based on our track record of low losses.

CMCU is exempt from the 12.25% NMBL concentration limit established by the Credit Union Membership Access Act of 1998 due to our history of primarily making member business loans. We have long served the agricultural community of central Minnesota, and recently expanded into western Minnesota and eastern North Dakota, in part, to serve the agriculture and agri-business sectors. The proposed rule would erase approximately 500 basis points of capital cushion, primarily due to the 200% weighting on MBLs, and hinder our ability to serve our membership.

CMCU has a strong track record of low losses. Net charge-offs to average loans have averaged just .13% over the last 10 years based on NCUA FPR data. Basel III includes a weighting of 100% for commercial loans. This is a reasonable weighting that is more reflective of the risk in our portfolio.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John Heinen', is written over a light blue horizontal line.

John Heinen
Internal Audit & Compliance Manager

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