



Mr. Gerard Poliquin  
Secretary, NCUA Board  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Proposed Risked Based Capital Requirements

Dear Mr. Poliquin,

Thank you for the opportunity to comment on the proposed RBC changes.

The levels of capital that would be required, as currently proposed, would place credit unions at a significant competitive disadvantage by limiting our ability to provide small business loans to strengthen our local economies, prudent investments in CUSO's to better serve our membership and diversify income streams and to take advantage of prudent longer-term opportunities in the yield curve to enhance investment portfolio earnings.

Management of a credit union (or a bank for that matter) is based on prudent risk management. Decisions are made (and balance sheets are structured) that meet the needs of the membership while providing a reasonable return to the credit union for the risk assumed. No credit union is the same as another as the memberships they serve can differ greatly. Credit unions need the flexibility to prudently manage risk based on their individual circumstances. The proposed risk weighting in the regulation significantly curtails our options to manage risk and maintain adequate income to build capital.

IH Mississippi Valley Credit Union has a proposed risk based capital ratio of 10.88% or just 38 bps of cushion to be defined as well capitalized. This is a significant reduction in our cushion of 310 bps using the current RBNW calculation. Should this regulation be implemented as proposed, this change in our cushion occurs OVERNIGHT with NO CHANGE to the risk in our balance sheet. This change seems excessive and again significantly impacts our ability to make prudent decisions to serve our membership.

While changes to the RBC calculation may be prudent overall, the proposed weightings are not acceptable. We urge you to revisit the regulation as proposed.

Sincerely,

Brian M Laufenberg  
EVP Support Solutions / CFO  
IH Mississippi Valley Credit Union

