FIRST FEDERAL BANK OF KANSAS CITY, J.R. BUCKNER

Proposal and Comment Information

Title: Regulatory Modernization and Relief for Mutual Holding Companies (Reg Q and MM), R-1895

Comment ID: FR-2026-0027-01-C09

Submitter Information

Organization Name: First Federal Bank of Kansas City

Organization Type: State

Name: J.R. Buckner

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Please see attached letter for comments.

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Submitted electronically via regulations.gov and the Federal Reserve Board comment portal

Re: Docket No. R-1895; Regulatory Modernization and Relief for Mutual Holding Companies (12 CFR Parts 217 and 239)

Dear Ms. Misback:

First Federal Bank of Kansas City ("First Federal" or "the Bank") and its mutual holding company, Cosperity Bancorp, MHC, appreciate the opportunity to comment on the Board's proposal, *Regulatory Modernization and Relief for Mutual Holding Companies* (the "Proposal"). We write in strong support of the Proposal, particularly its clarification that mutual capital instruments may qualify as regulatory capital and its codification of model term sheets for mutual capital certificates. These are meaningful, overdue steps to modernize capital formation for mutual institutions while preserving the depositor-owned structure at the heart of our model.

First Federal is a mutual savings bank with approximately $990 million in assets and 124 employees, and we have served the Kansas City metropolitan area for more than 90 years through nine full-service locations across Missouri and Kansas. We are owned by our depositors, not outside shareholders, and like more than ninety percent of mutual banks we hold well under $3 billion in assets, precisely the kind of community institution the Proposal is designed to strengthen. As chief executive of both the Bank and Cosperity Bancorp, and through my work as a director of Mutuals Matter and a former chairman of the Missouri Bankers Association, I can tell the Board plainly that the lack of a clear, standardized path to raise permanent capital is among the most significant constraints on the mutual model today, and the Proposal squarely addresses it.

Mutual Banks Need Access to Permanent Capital

Unlike stock banks, mutual institutions cannot issue common stock; our only meaningful source of permanent capital is retained earnings, built up slowly over years. That structural limitation ties the pace of our lending, technology investment, and growth to the rate at which we can retain earnings. First Federal is living this now as we diversify our balance sheet into commercial banking and treasury management and modernize our technology, including a recently completed core banking conversion. That work strengthens safety and soundness but requires capital. The instruments the Proposal contemplates are genuine, high-quality capital: they are perpetual, distributions are discretionary and noncumulative, and holders stand behind depositors and creditors as the most subordinate claim. In short, they meet the same Common Equity Tier 1 and Additional Tier 1 principles as other regulatory capital, and would let institutions like ours raise durable, loss-absorbing capital to fund responsible growth without abandoning the mutual charter.

The Impact on Our Community

Strengthening a mutual bank's capital strengthens the communities it serves. At First Federal, added capital flexibility translates directly into local benefit: in home and construction lending, including credit for rural and non-traditional properties that larger institutions often overlook; in small business and commercial lending that supports the local employers anchoring our neighborhoods; and in the continual technology investment community banks must make to serve customers well and stay secure. We also maintain a dedicated community development function and a longstanding commitment to relationship banking. [Optional: insert specific figures (for example, affordable housing lending, financial education, or community reinvestment activity) that illustrate your local impact.]

Standardization Is Essential

The single greatest barrier to broader use of mutual capital instruments is the absence of a uniform framework. Today each issuance requires bespoke structuring and case-by-case negotiation with regulators, creating uncertainty, expense, and delay that deter issuers and investors alike. The Proposal's model term sheets are exactly the right remedy, and we encourage the Board to go further by working with the OCC, the FDIC, and state regulators so that terms, disclosures, capital treatment, and approval processes are consistent across every framework a mutual might operate under. As a bank with locations in both Missouri and Kansas, we feel the friction of inconsistent treatment directly. Ideally, an instrument that follows the standardized terms should qualify for a streamlined or pre-approved process rather than a fresh negotiation each time, building the certainty and investor confidence a mutual capital market needs.

Conclusion

First Federal Bank of Kansas City and Cosperity Bancorp, MHC strongly support the Proposal. We urge the Board to adopt a uniform, standardized mutual capital framework, developed in coordination with the OCC, the FDIC, and state regulators, that gives mutual institutions a clear, predictable path to raise permanent, loss-absorbing capital while preserving depositor ownership. Thank you for the opportunity to comment and for the Board's work to modernize these rules. We would welcome the chance to serve as a resource as the rulemaking proceeds.

Respectfully submitted,

J.R. Buckner
President & Chief Executive Officer, First Federal Bank of Kansas City
Chief Executive Officer, Cosperity Bancorp, MHC