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Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments to the proposed Prompt Corrective Action Risk Based Capital Regulation

Dear Mr. Poliquin:

On behalf of UMassFive College Federal Credit Union, please accept this letter in response to the proposed Risk Based Capital Regulation. Although we are not opposed to a Risk Based Capital Regulation, the one being proposed will have a significant impact on how we may serve our membership in the future due to its restrictive nature. Facing the ever changing regulatory environment, this proposal as structured would be another challenge to our cooperative structure and our mission of bringing value to our members.

Some of our concerns in the proposed regulation include:

1. Many risk weightings, especially those proposed for mortgage loans and business loans deal with interest rate risk and can be misleading without considering a credit union's liability structure. This is similar to the NCUA 17/4 Gross Test for interest rate risk exposure that ignores the interest rate risk reducing attributes of a balance sheets liability structure.
2. Weighting on investments that is significantly higher than those set forth by banking regulations. Particularly concerning is the 75% weighting on Agency bonds with an average life of 3 - 5 years as compared to bank regulation of 20% for an instrument that has the implied full faith backing of the US Government.
3. NCUA would assume authority to impose higher capital requirements on individual credit unions. If the adoption of a Risk Based Capital structure takes place, then should not the regulation be the governing factor on capital threshold classifications. Examining the possible reasons for higher capital standards in the proposal, it appears the door is wide open for inconsistency from credit union to credit union.
4. The proposed regulation penalizes credit unions who partner with Credit Union Service Organizations (CUSO). Based on the high weightings for CUSO relationships, the proposal leads us to believe that the NCUA feels all CUSO organizations are an extreme risk. This proposal

could very well force credit unions to decrease CUSO partnership relationships already established or not consider partnering with a CUSO at all. CUSO organizations provide much too natural person credit unions. We are at a point in the evolution of the industry where credit unions need to come together and collaborate, gain efficiencies and cost savings, and find avenues to provide new services to its membership. This regulation as structured provides a roadblock.

In conclusion we feel that the structure of this regulation will give UMassFive College FCU less flexibility to meet our members' demands. Credit unions have built up significant goodwill over the past few years with members embracing the cooperative structure and an alternative to the banking system. This regulation as proposed may deteriorate many of the gains the industry has experienced.

Thank you for the opportunity to comment.

Sincerely;

A handwritten signature in black ink, appearing to read 'T. Pisano', with a large, stylized flourish at the end.

Thomas J. Pisano
CFO