



May 16, 2014

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

MAY19'14 PM 2:02 BOARD

RE: Risk Based-Capital Proposal

Dear Secretary Poliquin:

I am writing on behalf of Maine Savings Federal Credit Union. Headquartered in Hampden, Maine, we are the State's largest credit union based on membership and loans. With nine branch locations, we serve 27,000 members and manage assets in excess of \$275 Million. Maine Savings 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 does not support NCUA implementing a more sophisticated risk-based capital framework. A number of risk weightings, especially for MBLs and mortgage concentrations do not appear to be properly calibrated for credit unions. We believe that more credit unions than NCUA has indicated would be impacted as their net worth would fall to just barely over well capitalized or adequately capitalized levels. In our opinion, NCUA has not adequately justified the need for the rule.

We believe that interest risk should be guarded against in the risk-based capital framework. We also believe that real estate and member business loans should have different risk weights based on whether they are current or delinquent. Additionally, we do not agree with NCUA's proposal to assign a risk weighting of 150 percent for investments with a weighted-average life between 5-10 years, and 200 percent for those over 10 years. The length of an investment does not necessarily dictate the level of its risk.

With respect to the part of the proposal that suggests a risk weighting of 250 percent of the investments in CUSOs, we strongly disagree with the implication and suggestion that an investment in a CUSO is inherently risky. We have CUSO investments that are impacted by this weighting.

We also believe that any risk-based capital framework should include the ability for all credit unions, not just low-income, to have access to supplemental capital.

In closing, I would like to once again reiterate that Maine Savings Federal Credit Union does not support NCUA's proposed risk based capital regulation because we do not feel it is necessary; it would adversely affect capital requirements; and the risk weightings proposed are very troubling.

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

Sincerely,

A handwritten signature in black ink, appearing to read "J. Reed", written over a light blue horizontal line.

John C. Reed
President and CEO