



Merced School Employees Federal Credit Union

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

Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Mr. Poliquin:

I am writing on behalf of Merced School Employees Federal Credit Union (Merced), which serves students and educators of Merced County, California. We have over 35,000 Members and over \$430,000,000 in assets. Merced appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Risk Based Capital Rule.

Management and the Board of Directors oppose RBC2 in general, and specifically as follows:

1. The regulation is unnecessary. Sufficient rules and regulations designed to address the same areas of concern that are poorly and inappropriately embedded in RBC2. This legislation attempts homogenize all facets of a credit union into one easy calculation. The complexity of these areas makes that goal unattainable.
2. NCUA's legal capacity to enact such a rule is questionable at best. The Credit Union Act does not allow NCUA to create a multiple tiered system of examination.
3. The terms, definitions, and thresholds are arbitrary and capricious. For example, defining a "complex" credit union as any credit union over \$100,000,000 indiscriminately draws a "line in the sand" and does not consider the true operations or complexion of the credit union. Risk weighted assignments to CUSO's and goodwill are, again, devoid of evidence and support for those levels.

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

Respectfully,

Jonathan A. Maffei
VP/CFO