

May 16, 2014

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

RE: Risk Based-Capital Proposal

Dear Secretary Poliquin:

I am writing on behalf of Midcoast Federal Credit Union, which serves residents and employees of midcoast Maine. We have approximately 15,000 Members and \$135MM in assets. Midcoast 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.

Although our credit union does support NCUA implementing a more sophisticated risk-based capital framework, we do not support NCUA's proposed risk based capital regulation. Midcoast Federal Credit Union supports the current risk based net worth formula. We do not feel that NCUA has adequately justified the need for the rule. We also 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. A number of risk weightings, especially for MBLs and mortgage concentrations do not appear to be properly calibrated for credit unions.

We believe that credit, interest rate, concentration, liquidity, operational and reputation risks should be guarded against in the risk-based capital framework. Our credit union also feels that real estate, member business loans and weightings on CUSO investments should have different risk weights based on whether they are current or delinquent. We do have corporate perpetual capital, and we do not agree with the risk weighting of 200 percent for corporate perpetual capital. With regards to 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, also disagree with these proposed weightings, and have investments that are impacted by this weighting. I do not agree that the length of an investment necessarily dictates the level of its risk. If applied, this would change our investment strategy.

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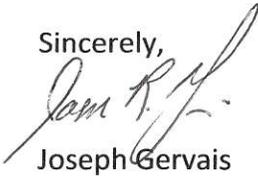
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We also believe that any risk-based capital framework should include the ability for all credit unions, not just low-income, to have access to supplemental capital.

In closing, I would like to once again reiterate that Midcoast Federal Credit Union does not support NCUA's proposed risk based capital regulation because we believe more time is needed for it to be phased in; it would adversely affect capital requirements; and the risk weightings proposed do not seem appropriate. The proposed RBC model will significantly and negatively impact the long range strategic plan of our credit union, and will likely constrain the future growth of the credit union industry as a whole.

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

Sincerely,



Joseph Gervais  
President/CEO

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