



Maine Family
Federal Credit Union

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May 14, 2014

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

MAY19'14 PM 2:04 BOARD

RE: Risk Based-Capital Proposal

Dear Secretary Poliquin:

I am writing on behalf of Maine Family Federal Credit Union, which serves Androscoggin County in the State of Maine. We have 19,500 Members and \$123,000,000 in assets. Maine Family 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, nor do we support NCUA's proposed risk based capital regulation. Maine Family 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. In addition, we believe that more time is needed for the rule to be considered and to be phased in.

We have identified interest rate, concentration and liquidity risks as those risks that 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. We have corporate perpetual capital, and we do not agree with the risk weighting of 200 percent for corporate perpetual capital because it is not inherently risky. We do agree with the risk weighting of 250 percent of the investments in CUSOs, and have investments that are impacted by this weighting. 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, we agree with these proposed weightings.

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 Family 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.

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 "Rachel Caron". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Rachel Caron
President/CEO