



MAY19'14 PM 2:03 BOARD

May 14, 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 Five County Credit Union, which serves 8 counties in Maine. We have 25,053 members and over 216 million dollars in assets. Five County 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. Five County 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 interest rate, liquidity and operational risks should be guarded against in the risk-based capital framework. Our credit union also feels that real estate and member business loans 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, as it is our feeling that corporate credit union perpetual capital is not inherently risky. As a credit union with CUSO investments that are impacted by this weighting we disagree with the risk weighting of 250 percent of the investments in CUSOs; once again, we do not view an investment in a CUSO as inherently risky. If applied, this rule would change our relationship with our CUSO. 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.



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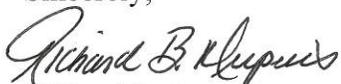


We also believe that any risk-based capital framework should include the ability for all credit unions, not just low-income, to have access to supplemental capital.

In closing, I would like to once again reiterate that Five County 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 cursive script that reads "Richard B. Dupuis".

Richard B. Dupuis
President/CEO