



Serving all Cumberland County, Maine

May 15, 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 Evergreen Credit Union, which serves all of Cumberland County. We have 23,000 Members and \$223 million in assets. Evergreen 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. Evergreen 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. Evergreen Credit Union has successfully managed a member business loan program (exceeding \$19 million) for over nine years even during the recent severe recession. We also feel that more time is needed for the rule to be phased in.

It is our opinion that credit, interest rate, and reputation risks should be guarded against in the risk-based capital framework. Our credit union also feels that real estate and member business loans' weightings 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 because corporate credit union perpetual capital is not inherently risky. 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 disagree with these proposed weightings. If applied, this weighting would impact some of our investments and would require us to change our investment strategy. Finally, although we do not have CUSO investments, we do not agree with the risk weighting of 250 percent of the investments in CUSOs, as we feel that an investment in a CUSO is not inherently risky.

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.

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In closing, I would like to once again reiterate that Evergreen 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 'Tucker Cole', written over a light blue horizontal line.

Tucker Cole  
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