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May 19, 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 Seaboard Federal Credit Union, which serves Hancock, Penobscot, Waldo and Washington counties in Maine. We have 12,100 Members and $110,000,000 in assets. Seaboard 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 support NCUA implementing a more sophisticated risk-based capital framework, but we do not support NCUA's proposed risk based capital regulation. 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. Since we can only raise capital through earnings, the risk weightings could drive credit unions towards or away from certain business lines. In addition, we feel that more time is needed for the rule to be phased in.

It is our opinion that credit, interest rate, concentration and liquidity 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. Although we do not have corporate perpetual capital, 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, we disagree with these proposed weightings. I do not agree that the length of an investment necessarily dictates the level of its risk. Finally, although we do not have CUSO investments, we do not agree with the risk weighting of 250 percent of the investments in CUSOs.

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 Seaboard Federal Credit Union does not support NCUA's proposed risk based capital regulation because we believe it is not adequately justified; it would adversely affect capital requirements; the risk weightings proposed do not seem appropriate; and more time is needed to phase in the rule.

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

Sincerely,

Kyle W. Casburn

Kyle Casburn
President/CEO

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