



**Eastern Maine Medical Center Federal Credit Union**

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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 EMMC Federal Credit Union, which serves employees and family members of EMMC and EMHS. We have 4,708 Members and \$45,434,900 in assets. EMMC 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. EMMC 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.

It is our opinion that concentration risk should be guarded against, in the risk-based capital framework. Our credit union also feels that real estate and member business loans' weightings should not 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. Finally, although we do not have CUSO investments, we do not agree with the risk weighting of 250 percent of the investments in CUSOs. If applied, this weighting would require us to change our relationship with our CUSO.

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 EMMC 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; 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,

Ralph Ferland  
President/CEO

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