



MY28'14 AML1:02 BOARD

May 20, 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 Atlantic Regional Federal Credit Union, which serves members in both Sagadahoc and Cumberland County in the wonderful State of Maine. We have 19,018 Members and \$277,125,828 in assets. Atlantic Regional 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.

While our credit union does support NCUA implementing a more sophisticated risk-based capital framework, Atlantic Regional Federal Credit Union does not support NCUA's proposed risk based capital regulation. First, 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 credit, interest rate 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. We have investments that are impacted by this weighting. I do not agree with the risk weighting of 250 percent of the investments in CUSOs, either. 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, I also disagree with these proposed weightings because I believe that the length of an investment does not necessarily dictate the level of its risk.

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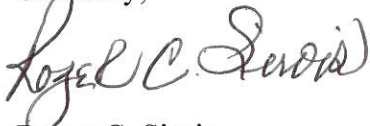


We also believe that any risk-based capital framework should include the ability for all credit unions, not just low-income, to have access to supplemental capital.

In closing, I would like to once again reiterate that Atlantic Regional 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 that reads "Roger C. Sirois". The signature is written in a cursive style with a large initial 'R'.

Roger C. Sirois
President/CEO