

May 28, 2014

Gerard Poliquin  
Secretary of the Board  
National Credit Union Association  
1775 Duke Street  
Alexandria, Virginia 22314

Dear Secretary Poliquin,

Thank you for allowing the opportunity to comment on the NCUA proposed rule, Prompt Corrective Action – Risk Based Capital. Mainstreet Credit Union is a \$350 million community credit union serving over 55,000 members. Having started as a “teachers” credit union, with educators filling most of the board positions, we have always operated in a conservative manner. We agree that regulations are necessary to assure that a few credit union brethren do not take undo risk that would jeopardize other credit unions or our share insurance fund.

However, we fail to see how one set of rules can be applied to all. A review of the proposed rule appears to try to do that. There appears to be little, if any, adjustment for individual credit union strategies. For years credit unions have been told that there were no hard fast rules to determine the level of concentration risk a credit union should take. That is, there were no rules to determine that over 25% of assets in mortgages or over 10% of assets in MBLs was taking undo risk. The proposed rule appears to state these “comfort” levels for the first time. In the past we were always told that every credit union was different. Every credit union needed to look at their own operations to determine the level of concentration acceptable for each product or service they offered.

Another case in point is, we fail to see in the rule where credit unions are given credit for matching liabilities to assets. To do so would require an analysis of individual credit unions and their individual strategy for handling risk. What works for Mainstreet Credit Union may not work for ABC Credit Union.

We realize building flexibility into a regulation will not be an easy task. In the end Mainstreet Credit Union will continue to operate in the best interest of our members. We will find a way to do that while complying with any regulations put forth. We only ask that careful consideration be given to the comments submitted by credit unions to determine if there is a way to help credit unions understand their individual level of risk, while at the same time mitigating potential losses to the share insurance fund. We also request that consideration be given to phasing in the changes over a longer period to give credit unions time to adjust their strategy, if needed.

Respectfully submitted,

John D. Beverlin, Sr.  
President/CEO  
Mainstreet Credit Union