



Lewiston Municipal Federal Credit Union

Proudly Serving Our Members Since 1944

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May 23, 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 Lewiston Municipal Federal Credit Union, which serves employees of the municipalities of Lewiston & Auburn, Maine. We have 1900 Members and \$19 million in assets. Lewiston Municipal 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.

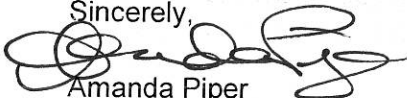
Our credit union does not support NCUA implementing a more sophisticated risk-based capital framework, nor do we support NCUA's proposed risk based capital regulation. Lewiston Municipal Federal Credit Union supports the current risk based net worth formula. We do not feel that NCUA has adequately justified 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. This proposed rule would inhibit the growth of credit unions that are working hard to grow from a small (\$20-\$49 million) to medium-sized credit union (\$50-\$99 million) and mortgage lending is a critical component of growth and service to the membership. In addition, we believe that more time is needed for the rule to be considered and to be phased in.

Our credit union believes that real estate and member business loans should have different risk weights based on whether they are current or delinquent. We do not have corporate perpetual capital; however, we do not agree with the risk weighting of 200 percent for corporate perpetual capital. We also do not agree with the risk weighting of 250 percent of the investments in CUSOs. 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, also disagree with these proposed weightings, and have investments that are impacted by this weighting. I do not agree that the length of an investment necessarily dictates the level of its risk. 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 Lewiston Municipal 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. Credit unions that are under the \$50 million threshold should not be excluded from the dialogue about the rule. The smaller credit unions need to be able to break the \$50 million asset barrier without the additional impediment of this rule. Additionally, there is a tendency to informally hold all credit unions to new rules as it becomes part of the examination vernacular, regardless of asset size ("this doesn't directly apply to your credit union, but...").

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

Sincerely,



Amanda Piper
President/CEO