Salem Seaport CREDIT UNION

On the right course.

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria Virginia 22314-3428

May 28, 2014

Seaport Credit Union - Comments on Risk-Based Capital Proposal

By Email: regcomments@ncua.gov

On behalf of Seaport Credit Union and its membership we appreciate the opportunity to comment on the Proposed Risk-Based Net Worth Regulation. Salem Seaport Credit Union since its founding in 1926 (formerly St. Joseph's Credit Union) has provided students, residents and businesses living, working or attending school in Salem and all of Essex County with progressive services to meet all their banking needs. We currently serve over 3,400 members, are well-capitalized, and have assets of over $59 million.

We know that capital and safety and soundness are critical to our success and that of the industry. We carefully monitor our risks and work hard to meet the needs of our members within the regulatory framework. The rule as currently written has what we believe to be unintended consequences. The current proposal could restrict our future growth and our ability to serve the needs of our members through the elimination of products or the ability to offer new products in order to meet stricter capital requirements. The credit union industry would be at a disadvantage when compared to the Basel III requirements for small banks. It is our belief that the risk-based percentages should be consistent for all credit unions not discretionary on the part of an examiner.

The current proposal will impact future strategic decisions for Seaport and for that matter, all credit unions. The risk weightings for all categories should reflect interest rate, collateral and credit quality risks. For example, adjustable rate mortgages are a different risk profile than traditional products and are advantageous to an institutions portfolio and should not have an equal rating. Also, the industry has a long history of providing consumer loans to their membership and the rating of secured and unsecured as the same seems to penalize them when compared to community banks.

These are a few examples and I would urge you to consider all factors and make adjustments so that credit unions can continue to serve their members and their communities and not be placed at a competitive disadvantage.

Lastly, the eighteen month time-frame for implementation does not provide an appropriate opportunity to plan for adjustments to the balance sheet and consider other strategic options to ensure current and future compliance.

Thank you for the opportunity to comment on the proposal and your consideration of our comments

Sincerely,

John J. Murphy
President & CEO