



April 16, 2015

Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria VA 22314-3428

RE: Risk Based-Capital Proposal Two

Dear Secretary Poliquin:

My name is Duncan MacKellar and I am the Chief Financial Officer of the Maine State Credit Union in Augusta, Maine. We have \$363 million in total assets so the risk-based capital proposal would have a significant impact on our institution.

I appreciate the improvements from the first proposal such as modifying the risk-based weightings, removing the interest rate risk component, delaying compliance until January 2019, and lowering the risk-based capital requirement to 10%. However, I do have the following concerns:

- The proposal penalizes credit unions who partner with Credit Union Service Organizations (CUSO's). CUSO's are an efficient and cost effective approach to providing services for credit union members. Without CUSO's, a credit union would either increase its cost by administering the service in-house or choose not to provide that service at all. Most CUSO's are well run and should not be considered a riskier investment than other assets.
- I support removing the interest rate risk component from the proposed regulation, since we have adequate regulations in place to address IRR. However, I am concerned that NCUA is considering separate IRR regulations, which would be in addition to the Interest Rate Risk Policy and Program Rule adopted in 2012. Current regulations provide adequate protection.
- It appears the proposed regulation would allow an individual examiner to evaluate the credit unions capital adequacy beyond the RBC2 requirements and PCA net worth requirements. I see no need for this extension of power.

In summary, RBC2 is an improvement from the first proposal and I applaud your willingness to listen to the feedback. Nevertheless, further steps should be taken to improve this draft, particularly so there will be no unintended consequences. The credit union industry was very

successful despite the economic challenges that occurred during the past six years. Please do not over-regulate the industry when the evidence suggests that this is not necessary.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Duncan R. MacKellar". The signature is fluid and cursive, with a large initial "D" and "M".

Duncan R. MacKellar
SVP and Chief Financial Officer