From:	Christina Vaughan
To:	_Regulatory Comments
Subject:	Comments on Proposed Rule: Risk-Based Capital
Date:	Thursday, April 23, 2015 10:32:57 PM

April 23, 2015

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

Dear Mr. Poliquin:

Firstly, thank you for granting an opportunity for comments to be remitted and taking the time to consider them. Currently, MECU of Baltimore, Inc. has approximately 106,000 members and $1.3 billion in assets. We seek to provide our members with products and services that meet their needs and to assist in improving financial lives.

Over the past few years there has been a tremendous increase in regulatory matters that impact all credit unions. The initial Risk Based Proposal brought an outpouring of concerns and questions from credit unionist. Thank you for listening to those concerns and revising that proposal. This second proposal removed IRR, lowered the well capitalized threshold rating and extended the implementation period. Thank you for revisions and please consider additional revisions to this second proposal (RBC2) based upon the following comments/concerns.

1.) Is the cost worth the potential benefits? NCUA estimates the cost as roughly $5.1 million. Might this be money that is better spent elsewhere and review if and/or how the incorporation of a supplemental capital provision might better serve the industry.

2.) The changes to the risk weights are applauded; however, the proposed weights for CUSO investments and mortgage servicing rights are still quite high and they could affect credit union's ability to own and operate CUSOs and hold mortgage servicing rights. The burden and cost of First Mortgage Real Estate Loans for those credit unions that hold first mortgage assets in excess of 35% of total assets serves to increase the cost of these loans. Costs that will be to the member and the credit union and could put the credit unions at a competitive disadvantage.

3.) In this proposal the definition of a complex credit union is based solely on asset size. While this proposal increased the asset size, still have concerns about this. Might you consider the products, services, loans, investment types and overall composition of the portfolio as better components to aid in defining a credit union as "complex". There are known risks that generally exist within various products, services, etc. Review of these type of risks relative to defining a credit union as "complex" may be warranted and would eliminate maintenance of capital solely based upon asset size.

4.) Removal of IRR from this proposal appears to be advantageous; however, questions are being raised. There is already an IRR in effect that unless otherwise proven, appears to provide adequate protection.

5.) The ability to reclassify a credit union if considered to be below adequately capitalized resulting in supervisory action due to safety and soundness raises some concerns. Strategic capital planning is critical for credit unions and one way or method will surely not work for all credit unions. Each credit union has a different risk tolerance and subjecting their goals to a set standard during an examination could be detrimental.

6.) The reason for deducting the NCUSIF deposit from the risk based numerator or the risk based asset denominator doesn't appear to be clearly defined. This deposit is under NCUA's control and is supplementary. It should remain a part of the risk based capital numerator.

As indicated, appreciate the opportunity to comment on this revised proposal. While changes from the first proposal have definitely been made, believe additional changes and considerations are warranted to afford credit unions the opportunity to operate confidently and efficiently.

Chris Vaughan
Compliance