SEACOMM Federal Credit Union

April 23, 2015

VIA email: regcomments@ncua.gov

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

Re: NCUA's Risk Based Capital Proposal - #2

Dear Mr. Poliquin:

On behalf of SeaComm Federal Credit Union, I am writing to you regarding the NCUA's proposed rule governing risk-based capital. I sincerely appreciate the opportunity to provide comments on this important regulatory proposal. SeaComm is a community chartered credit union, serving both St. Lawrence and Franklin Counties in rural Upstate New York. We currently have over 40,000 Members and $499m in net assets.

I commend the NCUA Board for the receptiveness of reviewing over 2,000 comments and holding regional listening sessions allowing the opportunity for further conversations regarding concerns with the risk based capital proposal.

I also commend the NCUA Board on the changes you have made in the second risk based capital proposal, such as, limiting the risk based capital requirements for well capitalized credit unions from 10.5% to 10%, improving several risk weights, allowing the Allowance for Loan Loss in the risk based capital numerator, and delaying implementation to January 1, 2019.

Although SeaComm would remain well-capitalized under the revised rule, I still have concerns with the proposal that could potentially impact, not only the credit union, but the Credit Union Industry as a whole's ability to effectively serve Members with quality products and services.

I feel that the definition of a "complex credit union" should not be based on a credit union's asset size. In the proposal, a "complex credit union" defines the term "complex" using the single asset size threshold of $100m. The complexity of a credit union should be considered

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based on its portfolio of assets and liabilities. Asset size should not be the basis from which a credit union is included or exempt from the proposed risk based capital rule.

In reviewing the comparisons of the revised proposed risk weights compared to FDIC's risk weight, it was observed that the proposal has higher risk weights in "current 1st lien residential real estate loans >35% of assets", "current junior real estate loans >20% of assets", and current commercial loans >50% of assets". I feel that the higher risk weights for these should be lowered. Credit Unions do not have higher levels of risk holding these asset types. It also has the ability to discourage credit unions to serve their members by potentially not offering these types of products if it causes them to be bumped into the second tier at the higher risk weight.

Lastly, I'm concerned with the separate risk based capital threshold for "well capitalized" and "adequately capitalized" credit unions. NCUA's own board member, J. Mark McWatters, held the dissenting vote on the proposal, stating that NCUA's lack of legal authority the most "fundamental issue presented before the board". The Federal Credit Union Act does not provide the NCUA the express authority to implement a separate risk based net worth threshold for the "well capitalized" net worth category.

Thanks in advance for your time and consideration.

Sincerely,

Michelle R. Patenaude
Vice President of Accounting

Cc: Scott A. Wilson, President & CEO