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815 Main Street • Fitchburg, MA 01420

July 31, 2015

To: dob.comments@state.ma.us

Mr. Merrily S. Gerrish,
Deputy Commissioner of Banks and General Counsel
Massachusetts Division of Banks
1000 Washington St., 10th Floor
Boston, MA 02118-6400

RE: Comments for August 13, 2015 Regulation Review Informational Session

Dear Mr. Gerrish:

Workers' Credit Union appreciates the Division of Banks providing the opportunity to discuss the regulatory amendment process this year, particularly in light of Executive Order 562. Our comments actually would reduce the regulatory burden since both comments are targeted at the rules for parity with federal credit unions. Without these changes we are at a disadvantage to both federal credit unions and banks.

Below are the comments that Workers' is asking the DOB to consider in developing the final version of the Risk-Based Capital Rule.

1. **Derivatives Authority – On January 13th, 2014 the NCUA issued its final rule permitting federal credit unions to engage in limited derivatives activities to reduce interest rate risk. We began advocating to add this authority to the MGL Parity rules since early in 2014.**

The lack of this authority has put our institution and other MA state chartered credit unions at a disadvantage in our ability to offer competitive rates on longer term fixed rate loans, particularly member business loans. One of the permitted derivatives activities enables institutions to enter into interest rate swaps to convert fixed rate loans into variable rate loans thereby reducing interest rate risk. In the current rate environment, many commercial real estate developers are requesting longer term fixed rate loans to lock in rates while they are still low. Without this change, we are required to set the rates significantly higher than competitors to compensate for the risk of rising rates. By using an interest rate swap we eliminate this risk and can offer the competitive rates that the market is demanding.

2. **Charitable Donations Account – On December 13, 2013 the NCUA issued its final rule on Charitable Donation Accounts to authorize federal credit unions to invest in**

alternative investment primarily for the purpose of increasing the amount of their charitable contributions to the communities they serve.

Community involvement of our employees and monetary commitments to the communities we served by our credit union are examples of a fundamental value of our credit union and other state chartered credit unions like us. One of the ways we compete in the market place is through the visibility of our community involvement and our charitable donations. Adding this provision to the parity rules will not only provide for more charitable donations to the communities we serve but will put us on a level playing field with the federal credit unions that we compete with every day.

Thank you for the opportunity to provide comments prior to your planned informational session as we may not be able to be there in person on the 13th.

Sincerely,

A handwritten signature in black ink, appearing to read "J Timothy Smith", with a long horizontal flourish extending to the right.

J Timothy Smith

SVP – CFO and Treasurer
Ph: 978-353-7020 • tsmith@wcu.com