February 17, 2012

Fitzsimons
A PARTNERING CREDIT UNION

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexander, VA 22314-3428
Via Email: regcomments@ncua.gov

Re: Proposed Amendments to NCUA's Loan Participation Rule (12 CFR Parts 701 and 741)

Dear Ms. Rupp:

Fitzsimons Federal Credit Union (FFCU) appreciates the opportunity to comment on NCUA's proposal to amend its existing regulatory requirements affecting credit union loan participations. At just over $150 million in total assets, FFCU serves nearly 15,000 members in a geographic area including the cities of Aurora, Bennett, Strasburg, and Centennial through 3 branch locations

NCUA's concentration limit requirements will restrict FFCU's ability to diversify and grow its loan portfolio thereby contributing to lower yields and interest revenue as excess liquidity is forced into low yielding investments.

FFCU already has self-imposed concentration limits established in its policies on all its loan types, to include its participation loan portfolio, and over the last two years has heightened its due diligence while growing these loans using long, measured steps. Centennial Lending, LLC, our CUSO used for servicing the participation loans, is extremely conservative, has had low loan loss experience, and uses comprehensive tools to assist FFCU in gauging risk. Participation loans have provided FFCU a welcome opportunity to increase lending during a time when most other types are experiencing net loan decreases and coping with excess liquidity. In addition, these loans mitigate our inherent concentration risk from FFCU originated loans by increasing the opportunity to diversify across collateral types and geographical locations (i.e. not focused around our field of membership).

FFCU's portfolio of seasoned participation loans comprised just over 4% of FFCU's loan portfolio at year end 2011 and has the lowest projected loss ratio of any other loan type. While we understand NCUA's desire to limit risk from these loans based on experience with other institutions in the country, the reality is that historical losses for FFCU and other credit unions in our program have been incredibly low. Setting a concentration risk per originator at 25% of net

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worth seems arbitrary as loans are analyzed and risk assessed independently by FFCU and CUSO loan committee comprised of qualified commercial lenders regardless of the originator. History of our program has proven effective in mitigating losses even through rough economic conditions.

NCUA's proposed concentration limit of 25% of net worth would directly and immediately limit FFCU's ability to increase loan participations. Of the credit union's participation portfolio at year end 2011, just over half were from a single originator and comprised 11% of the credit union's net worth position. FFCU could easily reach the 25% proposed ceiling in the foreseeable future with just a few loans that overall would contribute little to the credit union's overall loan growth goals.

We value NCUA's efforts in promoting credit union safety and soundness and protection of the share insurance fund; however, in this day of overregulation we feel the 25% ceiling proposal is unnecessary. FFCU, as with most credit unions, are already overburdened with existing regulations. Imposing the 25% concentration limit will increase the regulatory load more than the benefit(s) of risk mitigation. FFCU is continually under scrutiny by auditors and NCUA examiners to manage all types of risk and feel that existing policies and procedures are more than adequate to manage risk within the participation portfolio without applying an arbitrary concentration percentage.

As outlined above, we urge you to reconsider this proposal. Thank you again for the opportunity to comment.

Very truly yours,

Sandy Neves

Sandy Neves
President & CEO