



April 23, 2015

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

RE: Members First Credit Union of New Hampshire Comments on Notice of Proposed Rulemaking on Risk-Based Capital

RIN 3133-AD77

Dear Mr. Poliquin:

Thank you for consideration of my comments on the NCUA's Risk Based Capital Rule on behalf of Members First Credit Union of New Hampshire. Our Credit Union was established in 1949 to serve the municipal employees of Manchester New Hampshire. We have grown to be \$157 million in assets and have a capital ratio of 9.20% (as of March). While our charter allows us to serve members within 25 miles of a branch, our main focus is our continuing relationship with the municipal workers of Manchester including teachers, police, fire and other city employees. We currently serve 13,000 members with two branches.

I believe the proposal, as it stands, will limit our credit union in serving our core membership that is not being service by banks. Please consider the following points.

**Risk Based Capital Requirements for Real Estate:**

The levels proposed for Mortgage Loans are excessive compared to the Basel III requirements for Small Banks. The higher levels proposed will restrict the amount of mortgages we will be able to keep on the books and give the small banks and unfair competitive advantage. Mortgage lending is a key component of our growth. We have experienced very few losses on mortgage lending, especially compared to the banks. Our allowance for loan loss adequately covers the credit risk in the mortgage portfolio. We are also very concerned on the level of risk based capital assigned to Mortgage Servicing Rights.

As we are a relatively small credit union, we need to keep responsible levels of mortgages on our books to maintain a margin that will help us provide the products and services to our members. Limiting our ability to provide essential support to our members will drive them to banks where they are treated as a potential for profit vs. our credit union which treats them as an owner.

## **Supplemental Capital**

There is a need for capital modernization. Supplemental capital would enable our credit union to serve more members. Currently, we are limited by our earnings growth. Maximization of earnings is a banking strategy, not one for credit unions. We acknowledge that income is important to the long-term stability of the credit union; however, maximization of earnings would fundamentally change our philosophy of providing exceptional value and service. Adding a component to the proposal or a separate proposal on supplemental capital would be good for the credit union industry.

## **Conclusion**

We believe the proposed rule would unfairly limit our ability to serve our membership and would penalize the credit union for providing the products that our members of limited resources want and need. Credit Unions provide a unique haven for people who struggle with daily financial challenges. I urge the NCUA to make the necessary changes or eliminate the entire rule so that Credit Unions, such as Members First, can carry out our mission.

Sincerely,

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

Bruce B. Leighton  
President & CEO  
Members First Credit Union of N.H.  
Manchester, New Hampshire 03105