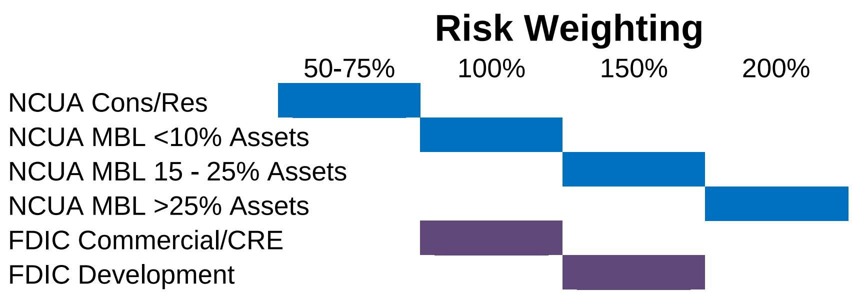
Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke St.
Alexandria, Virginia 22314-3428

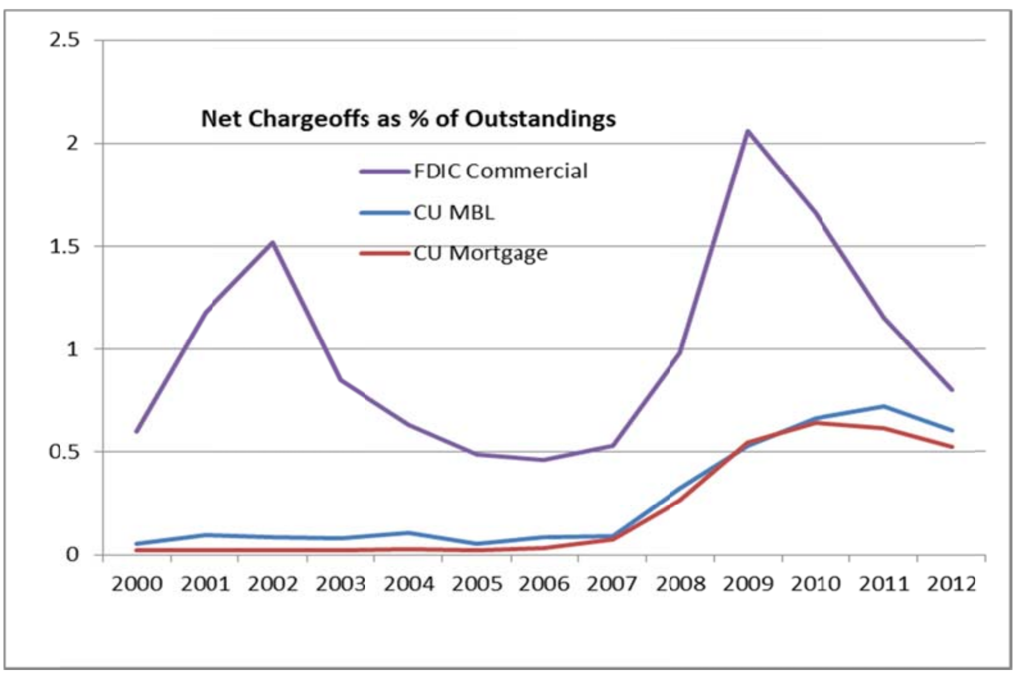
April 4, 2014

Dear Mr. Poliquin,

I am writing to comment on the proposed changes to the Risk-Based Capital Rule, specifically the impact the changes will have on MBL programs. It appears that the NCUA is proposing standards more restrictive than the FDIC:



My concern is the basis for the deviation. Here is comparative loss data for the last 12 years:



It seems credit unions have done a better job than banks in managing credit quality; our MBL losses are similar to our mortgage losses, yet the proposed NCUA regulation weights MBL exposure more severely than FDIC commercial loans and credit union mortgage loans.

I feel a better approach would be to follow the FDIC lead and weight MBL loans at 100% and Construction and Development loans at 150%. This methodology would be consistent with existing MBL Regulations which place greater restrictions on development loans while not placing credit unions at a competitive disadvantage to community banks. Weighting loans on the risk of the underlying loans makes more sense than on the size of the portfolio.

Thank you for your consideration.

Sincerely,

Jim Gallagher

President, MBS LLC