Dear NCUA Board…

Although my credit union is under the $50M threshold and much further away from the proposed $100M, we still hold concerns for the Risk Based Capital proposal, that may impact us at some point in time in the future.

We have a considerable concentration in Real Estate loans, predominantly 1st mortgage owner occupied at lower LTV's. We've maintained a very successful mortgage program for over 25 years, having experienced only 1 foreclosure back in 2010 with minimal loss. We've successfully managed our high concentration of mortgages including weathering the most severe economic storm since the great depression, yet prevailed literally unscathed. Knowing how to manage a portfolio cannot be tied to ratios alone. Underwriting is key and that is greatly strengthened by the quality of your own member.

Our main concern is how IRR is viewed. Our portfolio has a well dispersed mix of loans, which vary from 30 year fixed, 10-year Balloon or Term Loans, 5-year Balloon & 2 year and quarterly adjustable rates. A very small percentage is fixed for 30 years and a number of our 10-year Balloon Loans are seasoned. The fear that we have is that all Real Estate loans will be lumped into one bucket, while each of these products carries far different risk factors.

My credit union is unique in most fashions. The geographical area, stable economy, quality of borrower, LTV of collateral & product type must be taken into account, yet I don't believe RBC would factor any of the key elements into the equation.

For those reasons I am not in favor of any Risk Based Capital proposal.

Your time and attention to this matter is greatly appreciated.

Sincerely,

Rhonda Baggarley

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