

January 30, 2012

Mary Rupp, Esquire  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Comments on Proposed Amendments to 12 CFR Parts 701 and 741 Pertaining to Loan Participations

Dear Ms. Rupp:

Please accept this response as comment to the above noted proposal relating to loan participations as solicited by the NCUA.

I am writing on behalf of Visions FCU, a \$3 billion federal chartered credit union headquartered in Endicott, NY. Visions FCU has been making business loans and transacting in participation loans for well over a decade and fully understands the importance of having sound controls in place to monitor and manage the associated risks. Visions FCU has set concentration limits associated with overall participation lending. The ability to purchase and sell loan participations has enabled Visions FCU to effectively manage the balance sheet and associated risks.

Loan participations are extremely important to credit unions in their ability to generate liquidity, assist in the management of loan concentration issues, provide favorable returns for credit unions when faced with a sluggish lending demand, allows for diversification of lending risk by both asset class and geographic concentration. Loan participations also serve as an essential tool for managing aggregate business caps. Loan participations move capital from cash rich credit unions to loan rich credit unions enabling the system to put credit union capital to work for members. The one revision that could have ramifications across the credit union landscape is as follows:

'A credit union may NOT buy loan participation interests from a SINGLE originator that in aggregate exceeds 25% of the purchasing credit union's net worth. There will be NO ability to seek a waiver from this restriction.' For a credit union under \$50mm in assets and an 8% net worth ratio, your total exposure to a single credit union would be capped at \$1mm. Sound judgment and ALM analysis should be dictating how an individual credit union does its loan participations, not a regulation.

Mary Rupp, Esquire

Page 2

January 30, 2012

Furthermore, this will drive up a buying credit union's costs as more time and effort must be spent on due diligence seeking out more CUs to purchase participations from. The new regulation could have unintended consequences, as you now run the risk of 'stretching' to find more loans and CU's, thereby possibly exposing a CU to even more risk. A number of CUs and have built strong and profitable relationships; this regulation could prevent buying from that friendly/familiar CU if you exceed the 25% cap rule.

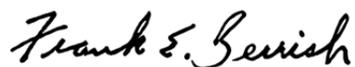
NCUA would be better served, as would the credit unions it regulates, to establish Policy Statements that outline prudent participation lending standards and the expectations over the purchase and sale of participation loans. A one-size-fits-all regulation does not take in to consideration the asset size and experience level of individual credit unions. Policy Statements would clarify and outline safety and soundness considerations providing industry guidance and consistency.

Visions FCU is not in favor of this new proposed participation lending regulation. Visions feels it should be the responsibility of each individual credit union's management and board of directors to determine the level (including concentration limits) and types of participation lending based on that individual credit union's financial position, including capital position and expertise.

While it is understood NCUA must regulate safety and soundness and believe efforts are well-intentioned in these challenging times, various aspects of this proposal will actually result in more, not less, safety and soundness concerns long term as it will significantly limit the ability of credit unions to diversify their loan portfolios, improve earnings and share their risks through relationships with proven loan participation partners. Regulations, as proposed, will lead to a competitive disadvantage.

Visions FCU appreciated the opportunity to comment and hope our comments are beneficial.

Respectfully Submitted,



Frank E. Berrish  
President/CEO

I:\FEB\NCUA Proposed Amends To CFR Part 701 & 741 .Docx