



# Business Lending Group LLC

FINANCIAL SOLUTIONS FOR BUSINESS

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A Credit Union Service Organization

Prospera Credit Union  
CitizensFirst Credit Union  
Fox Communities Credit Union  
Pioneer Credit Union

February 6, 2012

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

Re: Proposed Amendments to 12 CFR Parts 701 and 741 Pertaining to Loan Participations

Dear Ms. Rupp:

Business Lending Group, LLC respectfully desires to comment on the proposed amendment to the loan participation regulation.

BLG is a business lending CUSO that is wholly owned by its four credit union members. Therefore BLG only provides its services exclusively to its members and does not originate loans on behalf of non-member credit unions. Our business model is based on the ability of our member credit unions to share risk and opportunity through the participation of member business loans originated through BLG.

Over the years our loan participation process has allowed our member credit unions to serve the business needs of their respective memberships while sharing the risk associated with their business loan portfolios. The CUSO partnership has also allowed for each credit union to offer business lending products to their memberships at a fraction of what it would cost to independently offer these same products and services individually.

The proposed changes to the participation regulation threaten the viability of our established, successful CUSO model. The majority of BLG's loans are sold internally between its credit union members, resulting in participation totals that far exceed the 25% limit that is being proposed in the regulation. Therefore, the implementation of the new participation amendment would cripple BLG and its members in their ability to conduct member business lending.

The nature of our CUSO requires an intimate partnership amongst BLG and its credit union members. This is reflected in the fact that our Board and our various committees consist of representatives of our member credit unions. These representatives work closely together in partnership to ensure that member business lending is accomplished with utmost care and is conducted in a manner consistent with sound lending practices. Because of this intimate partnership, any associated risk is significantly mitigated through

the open communication and availability of any pertinent information relative to loans that are originated through BLG. In other words, each of our member credit unions has available to them all information needed to properly evaluate loans, whether they are the lead credit union or a participant in any BLG-originated loan.

In light of the reasons outlined above, we respectfully ask that the NCUA reconsider the 25% limitation as proposed in the amendment. We suggest that the amendment as currently worded is too broad in scope and is in need of fine-tuning to account for situations such as ours. At a minimum, we suggest that the NCUA make available a waiver of the 25% limitation for business lending CUSO's whose members are jointly involved in the credit decision process. It seems logically inconsistent that a waiver may be granted to allow credit unions to lend more than 15% of net worth to a single borrower, and at the same time disallow a waiver for aggregated loan amounts to numerous borrowers totaling greater than 25% of a lead credit union's net worth.

We concur with the need to ensure that all loan participations be underwritten with stringent standards, and will continue to perform our responsibilities with high standards and prudent practices in order to ensure that lending risk is mitigated and so our credit unions can maintain sound and successful member business lending programs.

Very truly yours,

BUSINESS LENDING GROUP, LLC

A handwritten signature in cursive script, appearing to read "Linda Kennedy".

Linda Kennedy  
CEO/President