

From: [Davis, Steve](#)
To: [Regulatory Comments](#)
Subject: Proposed Rule on Loan Participations
Date: Thursday, February 16, 2012 1:53:25 PM

Greetings,

I'd like to urge the Board to withdraw the proposal as issued for comments. My concerns with the proposed rule are many, but I'd like to highlight a few:

1. This proposal would add to the regulatory burden of affected credit unions in a manner that is wholly disproportionate to the risks associated with loan participations
2. This proposal would actually minimize the ability of credit unions to mitigate risk through diversifying sources and types of loan participations
3. The proposal would introduce several new limitations
 - a. A ceiling of 25% of the purchasing credit union's net worth on loan participations from one originator, with no possibility of a waiver
 - b. A limit of 15% of the purchasing credit union's net worth on loan participations from one borrower
 - c. A requirement that loan participations would have to conform to the same underwriting standards that a federal credit union employs when originating a loan
 - d. A requirement that loan participations be purchased from an eligible organization

I believe an unintended consequence of this proposal will be to severely curtail loan participations programs. Credit Unions effectively participate loans under the current rules and will most likely be hindered if the proposal were to become a reality.

Thank you for taking my views into consideration. I'm hopeful that the proposed rule on Loan Participations is withdrawn immediately.

Steven A. Davis