

From: [Marsha Tynsky](#)
To: [Regulatory Comments](#)
Subject: NCUA's Loan Participation Rule consideration
Date: Thursday, February 16, 2012 5:58:59 PM



February 16, 2012

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexander, VA 22314-3428
Via Email: regcomments@ncua.gov

Re: Proposed Amendments to NCUA's Loan Participation Rule (12 CFR Parts 701 and 741)

Dear Ms. Rupp:

Trona Valley Community Federal Credit Union appreciates the opportunity to comment on NCUA's proposal to amend its existing regulatory requirements affecting credit union loan participations. Trona Valley has three branches in Southwest Wyoming. We are \$139,000,000 in assets and have 18,000 members.

- NCUA's loan participation proposal, if enacted, will prohibit credit unions from participating in loans originated with underwriting standards that are less strict than the credit union's own standards for making loans.

If a credit union does not have experience making a certain type of loan and therefore, has no specific underwriting standards in place for a particular type of loan, are they prohibited from making the loan? The scope of underwriting standards is unclear and should be clarified. The proposed rule would require that a credit union only participate in loans that they are "empowered to make" under state/federal regulation and its internal loan policies. The proposal further imposes a requirement that a credit union only participate in loans that were originated with underwriting standards that are at least as stringent as the standards the credit union would utilize to make its own loans. This proposed standard is vague and leaves credit unions to interpret the meaning of "underwriting standards". Does this proposed definition apply to categories and types of loans or is the scope much narrower? One could reasonably interpret this requirement to mean that if a credit union does not have experience in underwriting the type of loan in which it wishes to participate; the credit union would be prohibited from participating in the loan. For example, Trona Valley is a small credit union and is unable to make member business loans as defined by NCUA Rule 723. We occasionally participate with other credit unions in order to make

business loans. If a small credit union does not have the experience or expertise on staff to make member business loans and as a result, is unable to participate in larger business loans, this would adversely impact a small credit union's lending portfolio as well as its ability to engage in business lending. If this is not the intent of NCUA's proposed rule, we urge the Agency to develop a reasonable and clearly stated definition of underwriting standards that is not overly burdensome and exclusionary.

We urge you to reconsider this proposal. Thank you again for the opportunity to comment.

Sincerely,

Marsha Tynsky, CEO

Trona Valley Community Federal Credit Union

307-875-9800

Make each day your Masterpiece

