Hometown
CREDIT UNION

Kulm Office | PO Box 310 | Kulm, ND 58456
701.647.2448 | Fax 701.647.2449 | 877.304.0035

Ashley Office | PO Box 230 | Ashley, ND 58413
701.288.3439 | Fax 701.288.3430 | 877.588.3439

Hazelton Office | PO Box 225 | Hazelton, ND 58544
701.782.6841 | Fax 701.782.6831 | 866.782.6841

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

RE: Comments on Proposed Rule on Loan Participations.

Dear Ms. Rupp,

Hometown Credit Union is a state chartered credit union with $66 million in assets, primarily serving North Dakota farmers and ranchers. We depend on other credit union located in North Dakota to be a participator for our agricultural loans, so that we can serve our members. As you know, credit unions are constrained from borrowing to any one member more than 15% of its capital. For Hometown Credit Union, that lending cap is $960,000.00. While this limit is enough to service the majority of our agricultural borrowers, we depend on other credit unions to purchase a portion of an individual portfolio where it is not enough.

As important as it is to provide services to our agricultural members, the primary reason Hometown Credit Union utilizes participations is to manage its asset growth and maintain an adequate capital ratio. This proposed rule will significantly impact what other credit unions may purchase from us. The purchasing credit union will realize fewer earnings. We have developed relationships with two other credit unions in North Dakota to participate with and it is a beneficial relationship for all of us. Hometown Credit Union manages its asset growth and the participating credit unions realize stronger earnings. I also want to point out that in the ten years that we have had this relationship, not one loan has gone into default and caused a loss to the credit unions. Due diligence is performed by all parties involved.

Please reconsider this proposed rule for Parts 701 and 741. It will not protect the NCUSIF fund nor will it benefit credit unions. The best way to protect the insurance fund is to help credit unions increase their net earnings. This rule will most certainly not accomplish this.

Respectfully,

APBuerkley

Anthony P. Buerkley, CEO
Hometown Credit Union

442