

From: [Theresa Dean](#)
To: [Regulatory Comments](#)
Subject: Proposed Regulation Regarding MBL Participations
Date: Friday, February 17, 2012 9:46:57 AM

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

Dear Ms. Rupp:

This is a comment letter to proposed changes in loan participation regulation. The proposed regulation of 25% participation cap per originating credit union is very restrictive. If these regulations are approved they will seriously limit the ability of our credit union to participate in MBL's originated by other credit unions.

We have been purchasing loans through a CUSO since 2006 and we have had an excellent return on these loans. We have no delinquency on any of them and the average interest rate is around 6%. The majority of loans we purchase are from two credit unions and if they limit this to 25% per originator, we will eventually hit our cap and have to stop doing participation loans. These loans generate liquidity, help diversify lending risk by asset type and geographic location, help some credit unions from hitting their 12.5% lending cap, and get a better return than investment products.

The restrictions of this proposal would not benefit our members who want to do business loans. If we have members who come in and want to get a large business loan and we are unable to do a participation loan for the amount above what we could lend, then we would not be able to provide services for these members.

Our credit union does not support the 25% participation cap per originating credit union and ask that you please reconsider this proposed regulation.

Sincerely,

Theresa Dean

Business Loan Processor

United Credit Union