February 22, 2012

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

VIA E-MAIL: regcomments@ncua.gov

RE: Proposed Rule Regarding Loan Participations

Dear Ms. Rupp:

GMCU appreciates the opportunity to comment on the proposed lending participation rule proposed by NCUA. This new rule would have a harmful effect on both our credit union and our CUSO, CU Companies who originate residential mortgage loans on our behalf.

Participation loans are a good way for credit unions to diversify their portfolio and help improve earnings as the yield on loans is much higher than investments. This proposal would significantly limit the amount of income our credit union can generate on our excess liquidity. It would appear to me that, with proper due diligence in evaluating the participation and our credit union's concentration risk policy and board oversight should adequately mitigate the risks. I am unsure how an arbitrary percentage will of 25% of net worth will reduce risk and protect the insurance fund. In fact, I think the opposite will occur. I believe that over the long-term, it will have effect of reducing credit union earnings (due to the lack of loan participations) and pose a greater risk to the insurance fund. In today's economic environment earnings are challenged daily and by limiting the potential income and the diversity of a loan portfolio credit unions will be hurt.

Please consider withdrawing this proposed rule as it will negatively impact many credit unions and the CUSO's that serve them.

Sincerely,

Steve Ahlness
President/CEO
Greater Minnesota Credit Union