



January 11, 2012

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

RE: Comments to the Proposed Amendments to NCUA Regulation 12CFR Parts 701 and 741

Dear Ms. Rupp:

I was recently made aware of the NCUA's proposed revisions to 12 CFR Parts 701 and 741 (Loan Participations; Purchase, Sale and Pledge of Eligible Obligations; Purchase of Assets and Assumptions of Liabilities). The proposition is alarming to our credit union. A+ Federal Credit Union (A+FCU) recognizes that NCUA has faced numerous challenges during this difficult economic time. We fully support rulemaking that ensures the safety and soundness of credit unions and ensuring protection of the insurance fund (NCUSIF). A+FCU disagrees with the proposed limitation of participated loans to a single originator or serviced by a single entity.

NCUA states it believes that involvement in participations strengthens the credit union industry but also creates more systemic risk to the share insurance fund (NCUSIF) due to the resulting interconnection between participants. Limiting 25% of net worth to one originator is extremely restrictive. In areas where there are a small number of credit unions or for credit unions like A+FCU that choose to only deal with credit unions in our CUSO and participate in local loans, it will put us out of business lending. Take for example a credit union with \$8,000,000 in net worth. The new limit would mean \$2,000,000 maximum to participations with A+FCU. This would restrict not only the smaller credit union but also A+FCU. This hampers community growth and credit unions ability to help its community.

Requiring more due diligence when purchasing participations could be more advantageous in recognizing risks. It makes more sense to have stronger requirements for knowing what you are purchasing and knowing who you are purchasing from. Credit unions are already at a disadvantage in business lending today with overall caps on business lending.

Participations are a valuable tool for credit unions in the business lending arena. While we understand there has to be some limits restricting the limit to any one originator will stifle credit unions ability to invest in the success of their local communities. Please reconsider the need and value of this proposal.

Sharon Gaugler
Chief Lending Officer
A+ Federal Credit Union