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February 8, 2012

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

Re: Proposed Amendments to 12 CFR Parts 701 and 741 – Participation Rule

Dear Ms. Rupp:

This is the first time I have written to the NCUA regarding a proposed regulation but feel this particular one is so detrimental to my credit union along with other small to medium size credit unions that it requires a response.

As a credit union that performs loan participations regularly with multiple other credit unions, I find the 25% cap rule to be unworkable. We have spent time developing relationships and performing due diligence on each credit union we participate with. In many instances, we have only a few credit unions we trust and work with on a regular basis.

Furthermore, as a board member of a business lending CUSO, I find it very difficult to continue lending, which should and must be our priority, with a handful of credit unions that meet our qualifications.

In both instances, we are required to have loans meet our internal policies and guidelines. We perform due diligence on the credit unions using the 5300 call report data. Further, we ask for policies and procedures for those we participate with regarding consumer loans. The business loans meet the criteria we have set for our credit union. We also have third party underwriters that review each business loan that is being considered.

In many of ways, this regulation will not lead to better loans but fewer loans in our portfolio. In this environment, it is very difficult to make loans and through this regulation it will stifle our ability to make good loans and share in the risks with other credit unions.

As I understand it, the Obama Administration is looking for financial institutions to move forward by providing opportunities for members and small businesses. This does neither. Instead, we are left with very low earnings via investments. It is not in the best interest of credit unions to park their funds in the investment arena when there are good loans to be made by sharing with other credit unions.

It is my belief that, through solid due diligence, we can achieve the intent of this propose regulation rather than adding on to the already burdensome number of regulations already in existence. It would be more prudent to rely upon due diligence of the relationships formed with other credit unions than another regulation.

I know our credit union would be hard pressed to disburse or participate with other credit unions because, in some instances, we are already over the 25% cap due to our size. Developing new relationships takes time. It takes money. It takes away from existing productive relationships.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah A. Trapani". The signature is fluid and cursive, written over a white background.

Deborah A. Trapani
President/CEO
Sierra Point Credit Union

Board Member
C.U. Business Partners

Cc: The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Gigi Hyland, Board Member