

February 13, 2012

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

RE: Proposed Amendments to 12 CFR Parts 701 and 741 Pertaining to Loan Participations and the 25% maximum

Dear Ms. Rupp;

Fox Communities Credit Union would like to take this opportunity to comment on the proposed amendment to the loan participation regulation.

Fox Communities Credit Union is an \$800 million; state chartered credit union in Wisconsin. We have been an owner/partner of Business Lending Group, a CUSO owned by three separate local credit unions, since 1999. The Business Lending CUSO idea was formulated with the fundamental premise of; a) bringing business loans to our members using the most cost effective solution, b) cooperating with partner credit unions to bring in the most highly qualified and experienced commercial lending staff while actively being involved at both the Board and Credit Committee levels, and c) limiting and diversifying the risk of concentrations by spreading loan dollars throughout several partner credit unions.

The proposed changes to the participation regulation as it relates to the 25% maximum would limit benefits of the original premise regarding concentrations. Using a simple mathematical illustration, hypothetically we now have the opportunity to take one fourth of four different one million dollar deals that totals one million dollars to our balance sheet or take one deal of one million dollars resulting in the same dollars to the balance sheet, but the latter creates a potential high concentration to either one borrower or one industry type. Therefore; we feel strongly; that with our current CUSO business model, pooling and sharing of loans bought in by partner/owners, approved by a committee made up of experienced credit union and CUSO staff, that these loans should be considered differently than those participations where this type of close relationship does not exist.

Safety and soundness of our loan portfolio continues to be the number one priority here at Fox Communities Credit Union. Currently some of our participation percentages with credit unions

within the CUSO are approaching 25%. The new proposed amendment does not view loan participations within the CUSO any differently from those of outside participations putting the viability and benefits of the CUSO concept in peril.

Also with reference to concentrations, it seems unreasonable to us that regulations would allow for one loan to be granted to one member in the amount of 15% of reserves, yet the proposal will limit all participations, in our case spread out over as many as 100 loans, to an amount of 25% of reserves.

In closing, we thank you for the opportunity to comment on the proposed amendment. We urge you to consider; a) a higher percentage of loan participations for credit unions under the new proposal, b) allow for waivers to this amendment when appropriate or c) look at participations, that are referred and underwritten within an actively managed CUSO differently than those of outside participations when logically the latter represent significantly higher risk.

Thank you again for your consideration.

Donald M. Vanevenhoven
Vice President of Lending