From:	rdsteeves@gmail.com on behalf of Bob Steeves
To:	_Regulatory Comments
Subject:	NCUA Proposed Rulemaking for 12 CFR Parts 701 and 741; Loan Participations; Purchase, Sale and Pledge of Eligible Obligations; Purchase of Assets and Assumption of Liabilities
Date:	Tuesday, February 21, 2012 10:43:04 AM

I am writing to oppose NCUA's proposed amendments to the loan participation rules and to urge the agency to withdraw the proposal as written. Loan participations are extremely important to credit unions in their ability to generate liquidity, assist in the management of loan concentration issues, provide favorable returns for credit unions when faced with a sluggish lending demand. Loan participations also allow for diversification of lending risk by both asset class and geographic concentration.

NCUA Chairman Debbie Matz initiated a Regulatory Modernization Initiative to evaluate existing rules that need to be "streamlined, eliminated, or clarified". This follows the spirit of President Obama's Executive Order on Regulations and Independent Regulatory Agencies. The loan participation proposal is a rule that is not warranted, as the agency already has existing rules to effectively regulate loan participations.

I urge NCUA not to tie the hands of credit unions as we try to grow our businesses and find new revenue streams in these difficult economic times. Credit unions are able to adequately underwrite participation loan purchases and have sufficient capital to absorb related losses if they occur. NCUA's proposal would only add to the regulatory burden of affected credit unions in a manner that is disproportionate to the risks associated with loan participations.

It is the responsibility of each individual credit union's management and board of directors to determine the level and types of participation lending, including concentration limits, based on that individual credit union's financial position; including capital position and expertise. While I understand NCUA's directive is to regulate safety and soundness and the agency's efforts are to be commended as well intentioned in these challenging times, various aspects of this proposal will actually result in more, not fewer, safety and soundness concerns in the long run as it will significantly limit the ability of credit unions to diversify their loan portfolios, improve earnings and share their risks through relationships with proven loan participation partners. The regulation, as proposed, will lead to a competitive disadvantage.

Thank you for the opportunity to express my point of view.

Respectfully,

Robert D. Steeves, C.C.U.E.

Chief Executive Officer

Essex County Teachers Federal Credit Union