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August 31, 2015

Mr. Gerard S. Poliquin  
Secretary of the Board  
National Credit Union Administration  
Via Email to regcomments@ncua.gov

Re: Hawaii Credit Union League – Comments on Proposed Rulemaking for Part 723

Dear Mr. Polquin:

Hawaii Credit Union League (HCUL) is a trade association that represents 68 federal credit unions in Hawaii and two in Guam. In general, HCUL supports the proposed changes to the NCUA's regulations on member business lending. While we realize NCUA regulations on member business lending are subject to statutory restrictions imposed by the Credit Union Membership Access Act, we feel NCUA can go further in modernizing the member business lending rule for credit unions.

In Hawaii and Guam, it is not uncommon for a member to purchase a vacant residential lot next to or nearby the member's primary residence, with the intent of eventually constructing a one- to four-family residential dwelling on that lot for a family member. A loan to purchase such a lot is considered by NCUA to be a member business loan merely because it is not the member's primary residence – even though the lot is not generating any income, the member's personal income is sufficient to service loan repayment, and the lot is not purchased for speculative reasons. Put another way, proceeds of the loan are not being used for commercial, corporate or other business investment property or venture, or agricultural purpose (which is the definition of a member business loan).

Although the proposed rule would not consider such a loan to be a commercial loan, it still considers such a loan to be a member business loan for purposes of the member business lending cap and other provisions of NCUA regulations Part 723. We feel such a loan should be categorized as a real estate loan, and not a member business loan or commercial loan. We believe this would be more consistent with banking regulators.

Thank you for allowing us to share our comments.

Sincerely,

Dennis K. Tanimoto  
President