



September 14, 2018

Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Loans to Members and Lines of Credit to Members Proposal Comment

Dear Mr. Poliquin:

On behalf of Mountain America Federal Credit Union (MACU), I respectfully submit the following official comment letter regarding the NCUA's recently proposed changes to Loans to Members and Lines of Credit to Members.

Section 107(5) of the FCU Act grants FCUs the power "to make loans, the maturities of which shall not exceed 15 years, except as otherwise provided herein..." Exceptions to the general 15-year maturity limit have been implemented in § 701.21(e)-(g) of the NCUA's regulations. However, MACU feels that the existing exceptions are not broad enough to permit FCUs the ability to effectively serve members with regard to one-to-four residential dwellings.

### **One-to-Four Family Dwelling Restrictions**

NCUA regulations § 701.21(g) states that "a residential real estate loan on a one-to-four family dwelling including an individual cooperative unit, that is or will be the primary residence of a credit union member, and which is secured by a first lien upon such dwelling, may have a maturity not exceeding thirty years or such other limits as shall be set by the National Credit Union Administration Board..." While this regulation, and subsequent alternate 40-year maximum maturities granted by the Board, adequately addresses loan maturities for owner occupied residences, it does not address certain home improvement, mobile home, second mortgage loans and non-owner occupied properties, thereby retaining the 15-year maturity restriction for first lien loans on these properties.

### **NCUA Proposal**

The Board is considering providing longer maturity limits for 1-4 family real estate loans and other loans (such as certain home improvement, mobile home, and second mortgage loans) as permitted by section 107(5)(A)(i)-(ii) of the FCU Act and removing the case-by-case exception the Board can grant. MACU welcomes and supports this proposal and further requests the Board to adopt a provision to include first lien loans secured by non-owner occupied one-to-four residential dwellings, owned by members, and allow loan maturities up to 30-years.

## Non-Owner Occupied Exception

In May 2018, Congress passed S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, with reforms that benefit community banks and credit unions. Congress eliminated one-to-four non-owner occupied multifamily real estate loans from counting against a credit union's member business lending cap but it failed to consider the maturity limits for those loans. Since federal credit unions are subject to both lending and maturity limit caps (where banks are not), we believe this is an oversight. With the NCUA Board's authority to regulate and allow extensions of the maturity limits of such loans, MACU would support agency efforts to remedy the oversight. It would be prudent to include this exception along with the other proposed changes.

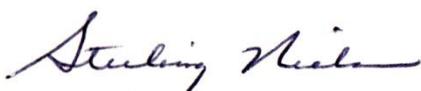
The credit union industry has made great strides to help members. Like other credit unions, MACU's focus is on helping members *'achieve their financial dreams'*. Many members own and purchase one-to-four non-owner occupied residential dwellings as a source of personal income and retirement. With rising costs of housing, some parents are using this avenue to provide affordable housing for their young adult children or aging parents. With restricted loan maturity, limits for FCUs members are being turned down by their credit union and forced to take their business to banks or mortgage brokers for financing. This is not the message or service credit unions desire for their members, nor the options members prefer as this usually results in higher fees and interest rates for the member.

Since FCUs are not empowered to originate loans on one-to-four non-owner occupied residential dwellings, with maturities exceeding 15-years, they have no option of using advanced commitments to purchase the loans by Fannie Mae or Freddie Mac under the provisions of §701.21(e). Per legal opinion, the NCUA does not recognize either entity as government agencies (Legal Opinion Letter OL2005-0514).

Mountain America feels that the regulatory constraints on maturities related to loans on one-to-four non-owner residential dwellings are not warranted. We respectfully request that the proposed rule include provisions for loans on one-to-four, non-owner occupied, residential dwellings with maturities up to 30-years.

Thank you for the opportunity to comment.

Respectfully,



Sterling W. Nielsen  
CEO