RBFCU

October 9, 2018

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

RE: Comments on Proposed Rule 701, Loans to Members and Lines of Credit to Members

Dear Mr. Poliquin:

On behalf of Randolph-Brooks Federal Credit Union ("RBFCU"), this letter is being submitted in response to the National Credit Union Administration's ("NCUA") proposed rule on "Loans to Members and Lines of Credit to Members." We greatly appreciate the opportunity to comment.

Introduction
The NCUA is proposing to amend its regulations regarding loans to members and lines of credit to members. The proposal would reduce regulatory burden by making amendments to improve clarity and to make compliance easier. Specifically, the proposed rule would: 1) consolidate the various maturity limits applicable to federal credit union loans into one section; 2) clarify that the maturity for a new loan under generally accepted accounting principles ("GAAP") is calculated from the new date of origination; 3) clarify the limits for loans to a single borrower or group of associated borrowers; and 4) seek comment on whether regulations should provide for longer maturity limits on certain loans.

Identifying Various Maturity Limits and Clarifying Maturity for New Loans under GAAP
RBFCU requests guidance on whether maturity dates are calculated from the date of first payment or the date of origination. It appears the proposed revision would make explicit that the maturity date in the case of a lending action that qualifies as a "new loan" under GAAP is calculated from the new date of origination. However, RBFCU believes that the maturity date should be calculated from the date of first payment and requests additional clarification on this issue. Our position can be clarified in the following real-life example. When a loan is made, the first payment date on that loan can exceed 1 month from the date of origination, and in some instances the first payment may be almost 2 months from the date of origination. Thus, in the case of a mortgage loan, if the loan origination date were October 15th, the first payment could be due on December 1st. If the maturity were calculated as, for example, 30 years from date of origination, the final (360th) payment would need to be made on October 15th, thus requiring two (2) payments in that final month. This would place credit unions at a competitive disadvantage compared to how the industry manages mortgage loans. For this reason, the maturity should be calculated based on when the first payment is made rather than on when the loan originated.

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RBFCU

Longer Maturity Limits

RBFCU is supportive of expanding maturity limits for one-to-four family real estate, home improvement, mobile home, and second mortgage loans. This will provide credit unions parity with banks and other mortgage lenders who are not subject to similar restrictions. Achieving parity for similar products in the market will ultimately benefit our members and further our mission of service.

Conclusion

RBFCU is supportive of the proposed rule and believes that longer maturity limits will ultimately help our members. Additionally, we request clarification on whether maturity dates are calculated from the date of first payment or the date of origination. Thank you once again for allowing us to comment on this important issue.

Sincerely,

Sonya McDonald

Sonya McDonald
Chief Lending Officer, Executive Vice President
Randolph-Brooks Federal Credit Union

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