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October 9, 2018

Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314
Via email: regcomments@ncua.gov

RE: Proposed Rule 701, Loans to Members and Lines of Credit to Members;
RIN 3133-AE88

Dear Mr. Poliquin:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rule relating to Part 701, Loans to Members and Lines of Credit to Members. CUNA represents America's credit unions and their 110 million members.

CUNA supports NCUA's efforts to streamline and organize regulations applicable to credit unions to improve clarity and make compliance easier. When supervisory inconsistencies occur among the supervisory office regions, a disparate regulatory landscape exists, rendering challenges and disparities for credit unions. CUNA appreciates the agency's willingness to engage the credit union industry in dialogue to address rule transparency.

Earlier this year, Congress passed S. 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, with sweeping reforms benefitting community financial institutions, including credit unions and community banks. While Congress eliminated 1-4 non-owner occupied multifamily real estate loans from counting against a credit union's member business lending (MBL) cap, the existing maturity limits are still applicable for those loans. Because credit unions are uniquely subject to both lending and maturity limit caps (whereas banks are not), we support and propose an extension of the maturity limit available for such loans, as this change is necessary and good public policy. CUNA would support any agency efforts to remediate this imbalance. Further, the 15-year maturity limit restricts how credit unions can best serve their members relative to FNMA and FHLMC investor requirements, forcing credit unions to send members to a mortgage broker or bank, which can offer a term beyond 15 years, and requiring

members to pay higher fees and rates or could cost the credit union a member relationship.

Credit unions routinely provide loans and engage in loan participations by and through other government-backed or government-sponsored entities, including Small Business Administration (SBA) 7a loans, federally-insured credit union to federally-insured credit union (both subject to NCUA share insurance), and other similar instances where the loan dollars funded are still backed by the United States government. CUNA does not believe these loans should be counted against a credit union's MBL cap. Currently, whether the loan is exempted from the cap is a determination made at the discretion of the Regional Director. This discretionary authority results in inconsistency across regions, with different geographies operating under distinct regulatory and supervisory structures based solely on the personnel in their region. CUNA would like codification that loans and participations that remain backed by U.S. government guarantees remain, nationally, exempt from the MBL cap. CUNA further believes that a universal standard should be set regarding commercial loans and loan participations to a single borrower, with waivers permitted, subject to defined qualifications.

Thank you for the opportunity to provide comments on this proposed rule. Should you have any questions about CUNA's comments, please feel free to contact me at 202-465-5769.

Sincerely,

Elizabeth A. Eurgubian
Deputy Chief Advocacy Office & Senior Counsel