OHIO CREDIT
UNION LEAGUE

October 9, 2018

Gerard S. Poliquin, Secretary of the Board
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314

Re: Request for Information Regarding Loans to Members and Lines of Credit to Members

Dear Mr. Poliquin,

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the National Credit Union Administration's (NCUA) proposed rule to amend its regulations pertaining to loans and lines of credit to members.

As Ohio's 274 credit unions continue to modernize operations, enhance the member-experience, and offer consumer-friendly, non-predatory financial services, Ohio credit unions look to their prudential regulator to assist in creating an efficient and effective operating environment to serve nearly three million members. We applaud the direction of NCUA as it relates regulatory reform and modernization efforts in a way that mirrors credit union sophistication and innovation. NCUA published and sought comment on its regulatory reform agenda, and subsequently identified this area for further consideration, specifically whether loan maturity limits and the aggregate cap on commercial lending and loan participations should be increased. Overall, OCUL is supportive of NCUA's current proposal.

The proposed rule focuses on four areas: 1. Consolidation of loan maturity limits; 2. Clarification of "new loan" calculation under GAAP; 3. Solicitation of comments on the necessity for longer loan maturity limits; and, 4. Proposal of a single universal standard for single borrower or a group of associated borrower. OCUL is focused on one specific inquiry: loan maturity limits. We write to address the need for clarification as it relates to 1-4 residential real estate properties.

Pursuant to the Federal Credit Union (FCU) Act, federally-chartered credit unions shall not make loans which exceed 15 years. However, certain exemptions are allowable; as an example, the Board allows a maturity limit of 40 years for 1-4 residential real estate loans that are owner occupied as a principal place of residence. The proposal requests feedback on whether certain loans should have a greater maturity limit. OCUL would like to address an adverse effect of having various loan maturity limits.

Based on the varying distinctions of loan terms, borrowers who purchase a second non-owner occupied residential home, i.e. vacation or investment home, receive less favorable loan maturity limits (15 years) as compared to a member who seeks a second home as their principle place of residence, indicated only by their stated intention at the time of loan origination. The latter is subject to a 40 year loan maturity limit. Thus, qualification for a long-term mortgage of a second home is based upon whether or not the credit union member has the intent to use the second home as a principal place of residence. This discrepancy is causing members to be ineligible for a standard mortgage product at their credit union. We urge NCUA to address this moving forward

OHIO CREDIT UNION LEAGUE

and increase the loan maturity limits for mortgages on a second residential property which serves as an investment or vacation home.

Overall, OCUL and credit unions remain excited about the prospect of modernized regulations which increase the loan maturity limits for 1-4 non-owner occupied residential dwellings. We applaud the agency's work thus far in its regulatory reform agenda. OCUL looks forward to further collaboration with the agency. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Paul L. Mercer
President

Miriah Lee
Regulatory Counsel