From:	Denton Zubke
To:	_Regulatory Comments
Subject:	Denton Zubke Comments on Proposed Rule on Loan Participations
Date:	Friday, February 17, 2012 10:19:05 AM

Mary Rupp,
Secretary of the Board
NCUA
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on the proposed rule on Loan Participations

Dear Mary,

The NCUA has taken in excess of $1,000,000 out of our credit union over the last couple years and now they seek to destroy our income. Agricultural loan participations have been a steady source of income over the last 18 years for Dakota West Credit Union. We have developed and worked with a number of smaller credit unions through the years. This has been an excellent source of additional revenue for them also, being allowed to keep borrowers that would have to move their business to larger credit unions or banks. Borrowers move all their business, not some of it. This has also been an excellent source of revenue for us. We have on occasion had several credit unions that would have exceeded the 25% of our net worth from one originator and this would have forced those credit unions to seek out larger credit unions, thus provided an additional regulation slanted in favor of larger credit unions. The 25% aggregate and maximum amount pushes the industry to larger credit unions. They have typically been most of our problems and why the NCUA consistently seems to favor larger credit unions and punish smaller ones will remain a mystery, especially in light of the fact that most of the problems have been in larger ones and larger corporates.

Presently on the selling side, Dakota West Credit Union has three credit unions in the State of North Dakota that we can sell participation loans to that have Member Business Loan experience and authority. We have a very competitive relationship with one and another is already slightly over 25% of their net worth in purchased loans from DWCU. That places us in a position of dealing specifically with the only remaining institution and they will be allowed to dictate literally anything they desire and specifically the servicing fee. We cannot be placed in this position and will likely lose borrowers.

Even more discouraging is the proposed requirement that once a loan is sold, it must remain sold through duration. Once a borrower pays down his debt on other loans, thus leaving his debt under the 15% requirement for MBL's why not allow the credit union the option of being allowed to purchase back the loan participation and keep the revenue on their income statement as opposed to the larger participating credit union. Again, the

NCUA passes regulations to provide a competitive advantage to large credit unions.

The problems that arose in 2008 and 2009 had little or nothing to do with agricultural credit unions in the upper Midwest and specifically North Dakota. These proposed rules have a very disparaging effect on the upper Midwest, agricultural credit unions and specifically North Dakota. Create a carve out for agricultural credit unions which should be consistent through several of your regulations. Better yet, stop passing more regulations that have little to no value.

The requirement that no participation loans can exceed 15% of the originating credit union's net worth is enough change in the regulation, is consistent with the MBL regulation and should fix most of the problems encountered. Stop there!

Respectfully,

Denton Zubke, CEO

Denton Zubke, CEO

Dakota West Credit Union
Watford City, ND 58854
www.dakotawestcu.org