

June 20, 2005

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Via e-mail: regcomments@ncua.gov

RE: 12 CFR Part 723; *Member Business Loans*

Dear Ms. Rupp:

WesCorp appreciates the opportunity to comment on NCUA's Proposed Rule on Member Business Loans. Specifically, our comments focus on Section B – Corporate Credit Union Capital Requirements, and Section C – Definitions.

Section B – Corporate Credit Union Capital Requirements

The Proposed Rule clarifies the capital requirements for corporates without actually changing the requirements. Specifically, the MBL Rule will make a distinction between capital requirements for natural-person credit unions vs. corporate credit unions. WesCorp supports this clarification in the Rule.

Section C – Definitions

The Proposed Rule intends to clarify the definition of “net worth” by reconciling the definition contained in the MBL Rule with the definition in the FCUA and PCA. Specifically, the MBL Rule will create a provision in the net worth definition that will include secondary capital accounts for low-income credit unions. While WesCorp supports this proposed change, we respectfully offer that the definition can be taken even further to include a provision specific to corporate credit union capital.

Specifically, MBLs made by corporates to member credit unions and corporate CUSOs are exempt from the MBL Rule, Part 723 and its requirements, including capital requirements. This leaves MBLs made by corporates to natural-person CUSOs to falling within the perimeters of Part 723.

Since corporates are required to abide by Part 723 when granting MBLs to natural-person CUSOs, corporates will fall under the requirement for net worth. WesCorp suggests the

definition of net worth be expanded to also say, "...and MCAs and PIC, in addition to RUDE, are included in the net worth of corporate credit unions."

Since corporates are referred back to Part 704 when granting MBLs to credit unions or corporate CUSOs, it may be worthwhile to note that Part 704 does not use the terminology "net worth" but rather "capital" when designating capital requirements for corporates. Another option would be for Part 723 to cross reference Part 704.2 – *Definitions*, when referring to corporate credit union capital requirements in Part 723.

Without creating this added feature to the definition of net worth for corporates, the rule would avail corporates to MBL limits as related to only their RUDE. The flexibility extended to low-income credit unions for their unique capital structure should also be extended to corporate credit unions for their unique capital structures. Loans are considered the greatest asset on a credit union's books – increasing the flexibility to grant loans within the regulation is important to guarantee our future. Loan growth should not be curtailed.

Thank you again for the opportunity to comment on NCUA's Proposed Rule on Member Business Loans.

Respectfully,

A handwritten signature in black ink that reads "Bob Siravo". The letters are cursive and somewhat stylized.

Bob Siravo
President/CEO
WesCorp