NASA FEDERAL CREDIT UNION
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September 3, 2008

Ms. Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Member Business Loans

Dear Ms. Rupp:

On behalf of NASA Federal Credit Union, I am responding to National Credit Union Administration's (NCUA) request for comment regarding the proposed rule to amend NCUA's member business loan (MBL) regulations. NASA Federal Credit Union would like to thank the NCUA for proposing a rule that would enhance credit unions' ability to offer MBL services through their CUSOs. We would submit the following comments as our support for the proposed rule.

1. **Proposed change to the loan-to-value (LTV) limit for construction and development loans**

   We acknowledge that construction and development lending can pose a greater credit risk than other forms of real estate lending. We would support an LTV of 80% rather than the 75% LTV presently prescribed by the proposed regulations. This change would level the playing field and remove an obstacle that we face when competing against other lenders who are allowed to use 80% LTV. Additionally, we would be supportive of regulations that provide staffing and experience requirements in order to make 80% LTV loans and assure that credit risks are adequately addressed.

   Credit unions need the ability to attract and retain qualified staff to compete effectively and that will require a competitive work environment. The present 75% LTV cap in some instances precludes credit unions from attracting qualified staff and being able to compete with the stronger borrowers.

2. **Experience requirement and CUSO activities**

   Current MBL rule requires the use of the services of an individual with at least two years of experience in the type of lending in which the credit union will engage.

   We would suggest that NCUA clarify the role that CUSOs may play in meeting this requirement.

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3. Degree of regulatory limits

We would suggest that NCUA in its regulatory effort should address the issue of pre-payment penalties. This prohibition places undue hardship on credit unions endeavoring to build loan portfolios when a credit union's best loans turnover more frequently than many of its weaker loans particularly in a declining rate market. Additionally, we believe that careful consideration should be given to how credit union lenders can recoup expenses related to FHLB prepayment penalties in certain instances to assure stable costs of funds over time.

NASA Federal Credit Union thanks you for the opportunity to address these MBL issues and would be happy to discuss them in further detail as appropriate.

Sincerely,

Douglas M. Allman