

**YOUNG, SHERON**

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**From:** \_Regulatory Comments  
**Sent:** Thursday, May 05, 2005 8:11 AM  
**To:** YOUNG, SHERON  
**Subject:** FW:

[For posting to web](#)

-----Original Message-----

**From:** Rich Borland [mailto:Rborland@meriwest.com]  
**Sent:** Wednesday, May 04, 2005 6:58 PM  
**To:** \_Regulatory Comments  
**Subject:**

On the NCUA proposed changes and answer to your questions:

1. Does your credit union believe that the change to the definition of “well-capitalized” is clear? If not, please explain.

Yes, it is clear. It applies to Corporate Credit Unions and brings the definitions of “capital ratio” and “net worth” to mean the same as defined by the PCA rule in all instances of application. These changes bring consistency across the board.

2. Does your credit union support the changes to the definition of construction or development loan to include a loan that is designed for the redevelopment of property? Please explain your response.

Currently, the definition of “construction development loan” is limited to financing arrangement for acquiring property or rights to property to convert it to an income-producing purpose. This definition excludes a loan to a borrower who already owns or has right to a property to convert it to, or improve it as, income-producing property.

Changes on construction and/or development loans are good, as it gives Credit Unions the additional opportunities to make these types of loans. It also gives our existing members and potential members in our market place another financial institution that can offer these types of loans. Competition is good for the market place

3. Should the MBL rule be expanded to include other governmentally guaranteed programs from agencies other than the Small Business Administration? If so, please identify which programs.

On SBA loans and other government guarantee loan programs- It would be in the best interest for all Credit Unions to have the entire government guarantee loan programs available to them because it would enable all Credit Unions to be able to offer these types of loan programs to their existing members and potential members in their market place. It would enable Credit Unions to compete with all other financial institutions that can offer these types of loans. It would be up to each credit union to set up training, policies, and procedures and to obtain the expertise in the handling of these types of specialty loans to assure safety and soundness issues. Each Credit Union should have the option to offer these loan programs if they so desire to handle these types of loans. There should be a percentage limit on the maximum amount of these types of MBL that could be in a Credit Union overall loan portfolio.

If you have any questions, please give me a call or e mail me

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