

Illinois Credit Union League

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June 20, 2005

VIA Electronic Mail

ATTN:Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

e-mail: regcomments@ncua.gov

Re: Revision and Amendments to the Member Business Loan Rule

We are pleased to respond on behalf of our member credit unions to the NCUA's request for comment concerning its efforts to revise certain aspects of the Member Business Loan Rule including various definitions. The Illinois Credit Union League represents over 400 federal and state chartered credit unions.

Definitions

We support the NCUA's proposal to revise the definition of "Net Worth" in the Member Business Loan (MBL) rule to be the same as it is in the Prompt Corrective Action (PCA) rules. Consistency amongst applicable definitions is crucial for safe and sound credit union operations, which brings us to the second definition being revised, "construction and development loans."

We support NCUA's proposed revision to the definition of "construction and development", provided various other terms within the definition are clarified. For example, in the original definition we can safely assume that "improve" means to improve a vacant lot by building a structure. With the proposed amendment to the definition, we suggest that the NCUA clarify the terms, "improve" or "renovate", in regard to a structure already owned by the member? Clearly, "renovation" would be expected to include a brick and mortar addition, but what of other work that may be the subject of a business loan. For example, we would hope that a loan for purposes of replacing outdated appliances in a multi-unit building or landscaping would not be considered a "construction or development" loan? Does "redecorate" connote "renovate?" We do not feel that redecoration projects (e.g., painting) should constitute a

construction loan. The additional restrictions applicable to construction loans seem unnecessary where a brick and mortar addition or actual construction is not involved.

We thank you for the opportunity to provide input to the agency to assist it. Please contact me at 800-942-7124 ext.4263 with any questions concerning the above comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

By: Niall K. Twomey
Technical Specialist

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