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June 6, 2005

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

Re: 12 CFR Part 723; Member
Business Loans

Dear Ms. Rupp:

Navy Federal Credit Union provides the following comments in response to the National Credit Union Administration's (NCUA) proposed revisions to its member business loan (MBL) rule. The proposed amendments would clarify the minimum capital requirements a federally insured corporate credit union must meet to make unsecured MBLs to its members, revise the definitions of "net worth" and "construction or development loan," and enable credit unions to participate more fully in government guaranteed loan programs.

We support the clarification of the minimum capital requirements a federally insured corporate credit union must meet to make unsecured MBLs to its members. We agree with NCUA that this change will help to clarify the differences between the more general capital requirements for natural person credit unions and those for corporate credit unions.

Navy Federal appreciates NCUA's attention to the discrepancies among the current definitions of "net worth." We believe that consistency among definitions in the NCUA's Rules and Regulations and the Federal Credit Union Act (FCUA) diminishes confusion. Thus, Navy Federal supports revising the definition of "net worth" in NCUA Rules §723.21 to reflect NCUA Rules §702.2(f), and §1790d(o)(2) of the FCUA.

We also support the revised definition of "construction or development loan." The current definition is limited to financing arrangements for acquiring property or rights to property. We believe excluding a loan to a member who already owns or has rights to a property is unfair. The revised definition would no longer prohibit a member who already owns or has rights to a property from obtaining a construction or development loan. Further, we support NCUA's analysis for determining if a loan is a construction or development loan.

Navy Federal would support a revision of NCUA Rules Part 723 to include federal or state government guaranteed loans. This would permit credit unions to make loans under the

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terms and conditions of both federal and state government guaranteed loan programs. Such a change will promote participation in these lending programs and benefit both credit unions and their members. Additionally, we encourage NCUA to seek statutory authority to permit credit unions to make MBLs that meet government sponsored enterprise standards. This would afford credit unions the opportunity to have more loan term choices for MBLs.

Navy Federal appreciates the opportunity to provide comments on the proposed changes to NCUA Rules Part 723.

Sincerely,



Cutler Dawson
President/CEO

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