

August 21, 2015

National Credit Union Administration  
1775 Duke St.  
Board Secretary  
Alexandria, VA 22314

RE: Comments on Proposed Rulemaking for Part 723; RIN 3133-AE37

Dear Gerard Poliquin,

Greetings:

I am writing on behalf of US Federal Credit Union, which serves our seven county metro community. We have 70,000+ Members and are over a Billion in assets. US Federal appreciates the opportunity to provide the comments to the National Credit Union Administration (NCUA) on its proposed amendments to the member business lending regulation.

Do you believe that the switch from a prescriptive rule to a principle-based rule will provide you more flexibility in making business loans? Why or Why not? Clearly, this is much improved over the existing rules. This demonstrates that the NCUA is making it easier for us to lend to our borrowers. The proposed rule would switch from a prescriptive to a principles based MBL regulation. This change modernizes the regulation by giving credit unions flexibility to develop MBL programs to best fit their members' needs. A principles based regulation in some instances can complicate the running of an MBL program for credit unions, as management and boards of directors will bear a greater responsibility in developing and maintaining an MBL or commercial lending program that is safe and sound. However, we think this change is a fair trade off for the flexibility.

Will the adjustments in the calculations of loans that count for the MBL statutory cap assist your credit union in making more MBLs? Yes, generally we expect that as a well capitalized credit union, we would be able to serve more of our members needs.

Does the proposed rule provide you with sufficient clarity to know what will be required in your policies/procedures? How will the proposed rule affect your current lending practices/policies? As a larger credit union, we have already done a great job of writing the policies and procedures necessary to allow for a successful program. We will need to make some adjustment to our concentration limits to accommodate and track different loan categories.

Are you comfortable that your examiner will be able to examine your portfolio and policies utilizing a principle-based rule? Over the last 3-5 years, examiners have been getting better educated in the MBL exam process. It will be important that both the credit union and the exam team understand each other's roles and respect that. I would guess there will be some interesting

conversations as it relates to evaluating what constitutes appropriate risk evaluation.

Does the removal of the waiver process benefit your MBL program? With the removal of all waivers except the cap to one individual borrower, will leave make it easier to lend to our borrowers. Furthermore, the current member business rule has many requirements that necessitate obtaining a waiver, even though they are not mandated by statute. This adds unnecessary burden to credit unions making commercial loans. The proposed rule would remove all of the requirements necessitating waivers and thus eliminate the need for waivers. This represents a major regulatory improvement that we fully support.

Does the distinction between commercial loans and member business loans benefit your MBL program? This should be a benefit to us.

Will your credit union need to create a credit risk rating system or credit grading system in order to comply with the proposed rule? We have a very detailed risk rating system in place that will adequately support us under these new rules.

Summary of your position:

In closing, overall these changes will make it easier for us to do business with our borrowers. The exemption clause should be revisited, for credit unions with less than \$250 million in assets and total loans less than 15 percent of net worth. There should be some criteria level of standards and the term 'regularly originating' should be clearly defined.

Thank you for the opportunity to comment on this Proposed Rule.

Sincerely,

Robert Stowell  
SVP/Chief Strategy Officer  
US Federal Credit Union

cc: CUNA, CCUL