

From: [Tony Gomez](#)
To: [Regulatory Comments](#)
Subject: Tony Gomez III - Comments on Proposed Rulemaking for Part 723
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To whom it may concern:

Having spent most of my career in the commercial banking space at banks emphasizing credit management and underwriting, I would like to commend the efforts to make a clear distinction between commercial loans and member business loans. I personally feel that this may alleviate a learning curve commercial bankers may have in trying to make the switch to credit unions. Additionally, currently managing a rather large percentage of 1-4 family residential property that is not the borrower's primary residence, the proposed removal of these loans from the extra scrutiny of commercial loans is welcomed. While we have not been affected by the waiver process, I can see how eliminating this exercise can speed up the delivery of service to credit union members. Along those same lines, while the adjustments in the calculations of loans that count for the MBL statutory cap will not assist our particular credit union (we are currently far from reaching these in any calculation method), it may provide assistance to credit unions that have less room to work with.

I read the proposed changes to attempt to switch from a prescriptive rule to a principal base rule as pointed out by CUNA. While this may create some flexibility in making business loans as the fear of misinterpreting regulations and letters to the credit union may be dimmed, it still leaves quite a bit to the interpretation of the examiner. I continue to feel uncomfortable that our examiners will be able to examine the portfolio and policies utilizing a principle-based rule as my experience has been that opinions and perceptions seem to drive the exams. With the exam force focusing on a small sample of loans in a short period of time to make broader evaluations, it seems difficult that principle based ruling is possible. The challenge is going to arise from training the exam force on how to deliver the message without alienating credit unions. I will say, it seems like the proposed training budget takes this into consideration.

The proposed rule, while attempting to create less confusion, should be clarified. It still appears that there will be quite a bit to interpretation and I am concerned that credit unions with less experienced staff or that rely on third parties will have a difficult time making sound credit decisions. Clarification is something that the current rule lacks and is something that hopefully will be a focus on the final proposed rule. Clarity by this definition would mean that no matter whomever the reader, the conclusion is the same. I feel this is a step in the right direction but much is left to do in this realm of credit unions and business lending.

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