

August 19, 2015

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

AUG28'15 AM 7:41 BOARD

Re: Comment Letter on the Proposed Amendments to NCUA's MBL Rule

Dear Mr. Poliquin:

We applaud the proposed changes made to the member business loan regulations and the new approach adopted by the NCUA. We also look forward to and hope the training of NCUA staff takes place as promised to ensure a fair and equal treatment during the exam process under the new regulations going forward. Having said that, we do have a few clarification concerns we hope you consider as you move toward the final regulation.

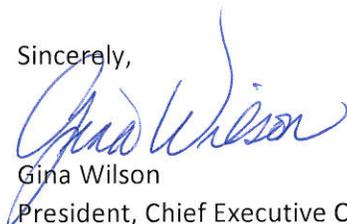
First, the new calculation of the of the proposed MBL cap requires some clarification. With the changes coming due to the new Risk Based Capital rules we would like clarification of the "well capitalized" designation. If this is increased (i.e. raised from the current 7% level) the maximum size of the portfolio would be larger. If no change is made to the "well capitalized" designation we are wondering why this change is even being made at all – unless it is to solely give the agency more flexibility on a future change in the "well capitalized" designation and in turn the size of MBL portfolios.

Second, the definition of what constitutes a MBL loan vs. a commercial loan for call report purposes is confusing. We hope that clarifying language is added to the proposal to avoid classification mistakes on the part of credit unions engaged in this activity.

Finally, the exclusion of non-member participations from the MBL cap causes some concern. While we would welcome the ability to establish our own limits on participation loans, it seems to run contrary to other recent trends in proposed regulations such as the new Risk Based Capital rule. If another severe economic downturn were to occur it appears that many credit unions would be put at an unnecessary risk of failure causing further stress on the insurance fund and in effect, other credit unions. We would welcome some sort of guidance on reasonable concentrations if hard limits are not established.

We appreciate the opportunity to be heard on this matter and look forward to the final rule being issued.

Sincerely,



Gina Wilson
President, Chief Executive Officer



Brad A. Scheidt
Senior Vice President, Chief Strategy Officer