



1020 S. Bailey St.
Palmer, Alaska 99645
(907) 745-4891
(907) 694-4891
Fax: (907) 745-9131
www.mvfcu.coop

August 28, 2015

Mr. Gerald Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, Virginia 22314

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

Dear Mr. Poliquin:

Matanuska Valley Federal Credit Union is pleased to comment on NCUA's Notice of Proposed Rulemaking for 12 CFR Part 723 regarding potential changes to the Member Business Loan regulations.

We wish to endorse the concept of shifting from prescriptive regulation to a principles-based system. Prudent lending in different markets and different loan types is difficult to define with a single set of very specific rules and quantitative measures. What works in one environment may be totally inappropriate in a different environment. Hence we endorse the principles-based system. Similarly what may be appropriate in an expanding economy can be totally inappropriate in a declining economy.

There are a few areas where we believe the NCUA has moved back into prescriptive regulation which we suggest should be reevaluated. From a safety and soundness standpoint we believe shifting back and forth between cost and market value in construction lending is not a sound principle. Construction cost is never a good measure of value, in some cases cost exceeds resale value and in some cases it is less, but the only measurement which protects a lender is resale value. Appraisers sometimes default to cost when they are unable to measure market value. It should be telling if the appraiser uses the cost method as a default measurement. Similarly the 12 month holding rule before market value is relevant, is also prescriptive, market value is market value.

The common enterprise and control limits are another area where the NCUA seems to have reverted to prescriptive regulations with very complicated construction of relationships.

Our biggest concern is the challenge of training NCUA's examination staff to competently and consistently examine Credit Unions to this standard. The most common complaint now about examinations is different examiners from year to year with entirely different views of the same set of facts.



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We appreciate the opportunity to provide input on the NCUA's Proposed Rulemaking amending the Member Business Loan regulations. Feel free to contact me with any questions you may have on any of these important items.

Sincerely,

A handwritten signature in cursive script that reads "Read Dunn". The signature is written in black ink and is positioned above the printed name and title.

Read Dunn
Chief Credit Officer