

Gerard S. Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke St
Alexandria, VA 22314
regcomments@ncua.gov

RE: Comments on Proposed Rulemaking for Member Business Lending and Commercial Lending

Dear Mr. Poliquin:

Thank you for the opportunity to comment on the NCUA's proposed changes to the rules and regulations impacting member business loans. Salal Credit Union, headquartered in Seattle Washington is a state chartered credit union, with \$400 million in assets and 33,000 members. We appreciate the NCUA taking significant actions to improve the competitiveness of the credit union industry with the latest Business Lending regulations. This is an important step that will allow our business members, our employees, and our credit union to be even more successful in future.

The proposed changes provide meaningful improvements for credit unions whose members are in need of commercial banking relationships. The large money center banks simply do not serve local businesses well. We understand the comments from community banks but believe any market share increases credit unions may achieve by these regulatory enhancements would come from the big banks not the community banks who are serving their customers' needs today. We believe the proposed changes are reasonable and will eliminate unnecessary regulatory burdens on credit unions and the NCUA. We are very much in favor of the 1-4 family residential provisions and for eliminating nonmember purchased business participations from counting against a credit unions' MBL cap.

We do favor a continuing requirement for credit unions with a business banking operation to have sufficient training and education in not just commercial lending but all aspects of commercial banking. Managing a business banking operation is more than simply making loans. To best serve business members, the deposit, treasury, and advisory functions are critical to a successful relationship.

As a Washington State chartered credit union, we value the benefits of our state MBL rule. We believe these state rules give the NCUA unique testing environments and should be encouraged in more activities. Given that, we believe you should continue to respect the role of the states and adopt a rule permitting state rulemaking.

Thank you for this latest proposal. If you have any questions please feel free to contact me.

Best regards,



Russell E. Rosendal
President and Chief
Executive Officer