

From: [Bob Morgan](#)
To: [Regulatory Comments](#)
Subject: Comments on Proposed Rule Making for part 723
Date: Thursday, July 09, 2015 10:49:58 AM

On behalf of NorthCountry Federal Credit Union, I am writing this comment letter to document our strong support for the proposed changes to member business lending, part 723. The NCUA Board and staff deserve significant credit for the proposed changes which will allow a well-run credit union with proper policies, procedures, systems, and experience in Member Business Lending to make sound business decisions necessary to serve member businesses.

The changes that we find most beneficial are:

- 1) The elimination of the personal guarantee requirement on member business loans. While personal guarantees are an important requirement on many member business loans, they should not be required by regulation on all. In fact eliminating this requirement will give credit unions more flexibility to attract higher quality/lower risk loans which should improve the financial strength of well-run credit unions.
- 2) Elimination of regulatory mandated minimum loan to value requirement. My comments here are similar to above. While collateral positions and loan to value calculations are important part of the underwriting process, loan to value maximums are best left to the individual credit union who can evaluate the loan to value position in combination with the other factors associated with underwriting credit form member businesses (i.e. cash-flow and stability, financial trends, industry trends, depth and quality of management, etc.)
- 3) The exclusion of purchased participations from the MBL calculation and 12.25% cap. This will allow credit unions with seasoned programs to consider purchasing participated portion of member business loans from other credit unions without impacting their cap. This will foster greater collaboration within the movement, should enable a more vibrant participation market allowing credit unions a better ability to manage the statutory cap while serving member businesses.

We recommend the proposed rule be adopted without revisions. We appreciate taking the time to consider these comments.

Bob Morgan
Chief Executive Officer
Phone: (802) 264-6703
Fax: (802) 488-8803
Cell: (802) 318-0047



Like us on: [Facebook](#)

