

August 14, 2015

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rulemaking for Part 723; RIN 3133-AE37

Dear Gerald Poliquin,

I am writing on behalf of SECU, which serves current and former Maryland State Employees, their families and various other organizations and employer groups. We have over 230,000 Members and \$2.9 billion in assets. SECU appreciates the opportunity to provide the comments to the National Credit Union Administration (NCUA) on its proposed amendments to the member business lending regulation.

I support the switch to a principle-based rule in that it allows us to evaluate and establish our own risk thresholds. Having said that, I expect minimal changes in our underwriting approach and the sound lending practices that have always existed.

The proposed rule includes adjustments in calculations that apply to the MBL statutory cap. These adjustments will provide additional cap space that will allow us to better meet our business members' borrowing needs.

In reviewing the proposed principle-based rule, I find it to be clear in defining the requirements of sound loan policies and procedures. Our current policies and procedures would be impacted minimally as they already satisfy the basic requirements outlined in the proposal rule.

One of my concerns with a principle-based rule is the risk of increased subjectivity being introduced during the regulatory examination process. This risk can be mitigated through collaborative efforts to establish consistent guidelines and training for the examination process.

The current waiver process addresses specific loan characteristics associated with heightened credit risk. As such, these characteristics are commonly addressed in any safe and sound lending program and are prescriptive in nature. I would expect our benefit in seeing the waiver process removed would be minimal as it would not lead to any sweeping revisions to our current practices. In alignment with a principle-based rule I do support removal of the waiver process.

The proposed rule includes a distinction between commercial loans and member business loans. Other than implications in how these loans are reported, I do not see any benefit. Regardless of how we are required to define or report these loans, we apply the same policies and procedures that address the safety and soundness of any loan.

We are well positioned with our current policies, procedures and risk rating system to comply with the proposed principle-based rule.

Thank you for the opportunity to comment on the this Proposed Rule and for considering our views on the proposed MBL rule.

Sincerely,

Kevin Kesecker
VP/CLO
SECU

cc: CUNA, CCUL