

August 17, 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 My Credit Union, located in Redwood City, CA, which serves the county of San Mateo. We have 3,200 Members and \$33 million in assets. MyCU appreciates the opportunity to provide the comments to the National Credit Union Administration (NCUA) on its proposed amendments to the member business lending regulation.

You would think that a small credit union such as ours would not be negatively impacted by the existing Member Business Lending rule. However, with the price of housing here in the San Francisco Bay Area, it doesn't take much to have a negative impact on the MBL limits when a member decides to purchase a second home as their primary residence and their existing first mortgage loan with the credit union must be converted to a business loan and added to our total MBL limits which is comprised of non-member participation loans. In addition, the current waiver process has failed us and we are now forced to divest over a half a million dollars in performing non-member participation loans.

My Credit Union has offered business loans since 2000 through non-member participation loans offered by Extensia Financial (formerly known as Business Partners, LLC). During the 15 years we have offered these loans, we have not suffered a loss and our most recent portfolio review rated all of our loans as "satisfactory" or better. However, we have several members who were granted a first mortgage real estate loan, which at the time the loan was granted, was their primary residence. Since then, they have purchased a second home as their primary residence, thus turning our loan into a 1-4 unit non-owner occupied business loan. The conversion of these loans, when added to our non-member participation loans, has pushed us over the MBL limit and we are now forced to sell \$530,000 in performing loans in order to fall within MBL cap. As a small credit union, the loss of interest income on these loans is a detriment to our bottom line.

As early as 2006, MyCU requested a variance from the state to separate our non-member business participation loans as well as the aggregate amount of business loans to any one member or group of members. We did not receive a response to this request. We submitted variance requests again in 2007 and 2009 and once again did not receive a response to these requests. As a result, we are now forced to sell \$530,000 in performing loans because of first

mortgage loans that have "converted" to a MBL after the loan was granted.

As you can see, the proposed member business lending rule changes would greatly benefit My Credit Union on more than one front and we are in favor of the proposed MBL rule changes.

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

Sincerely,

Alex Casillas
President
My CU

cc: CUNA, CCUL