From:	Douglas Landry
To:	_Regulatory Comments
Subject:	NCUA MBL Rule Changes - Senior Lender"s Opinion
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To Whom it May Concern:

I have had an opportunity to review the proposed rule changes for Credit Union MBL, and I have the following comments:

- I think the rule changing the recourse requirement and the LTV limit is especially beneficial to our business members, as well as to the overall health of credit unions by reducing risk.
  - o As an example of how the recourse change will help our members, we currently cannot do non-recourse loans; full recourse loans tend to be much higher leverage and for more marginal assets, and so allowing us to “self-police” our non-recourse lending will enable us to engage in lower LTV lending, which reduces risk while also enabling us to help our clients by providing a broader type of MBL.
  - o Lifting the LTV restriction would enable us to finance deals where seller financing or mezzanine financing may be beneficial to the overall transaction
- I disagree with the loan-to-value proposal calling for the value in the first 12 months being limited to the cost. The value can be higher if improvements are made AND/OR if a buyer buys a distressed asset AND/OR if a seller is liquidating assets and values a cash sale over a market transaction. To say that value = cost paid is not accurate all of the time; each deal has its own characteristics which may affect value and the merits of each deal should be considered.
- The requirement for balance sheet projections is not always relevant especially in a real estate transaction. Most real estate balance sheets are highly depreciated and do not reflect current market value.
- One rule change that is not changing, but which I think would be helpful to change, is the 12.25% cap on MBL for a credit union; I think this is too low and greatly restricts us as an organization.

In sum, I think the changes are generally positive. I know many banks are up in arms over the proposed changes; this is because it will increase competition in the capital markets, which I think is warranted for all members of the commercial lending community.

Best Regards,

Doug Landry
Senior Commercial Lender
Digital Federal Credit Union
853 Donald Lynch Boulevard
Marlborough MA 01752

Office: 508-804-9158
Mobile: 508-630-4951

dlandry@dcu.org