

August 20, 2015

National Credit Union Administration
1775 Duke St.
Board Secretary
Alexandria, VA 22314

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

Dear Gerard Poliquin,

I am writing on behalf of Credit Union of Southern California (CU SoCal) which serves those who live, work, worship, or attend school in Los Angeles, Orange, or San Bernardino County. We have 78,000 Members and \$977 million in assets. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Member Business Lending (MBL) regulation.

CU SoCal supports virtually all of the proposal to modernize the MBL regulation, which would give credit unions much needed flexibility in running an MBL program. Specifically, in support of the proposal, we commend the NCUA Board on the following proposed MBL exclusions:

- 1-4 family, non-owner occupied property loans.
- Vehicle loans made to small business owners.
- Business participation loans.

However, we ask the NCUA to consider the following modifications to the proposal:

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Implement sooner than 18 months.

- Exclude MBLs from the Net Long-Term Assets Ratio (NLTAR) for MBLs with remaining terms of five years or less or rate resets of five years or less.

The proposed rule would switch from a prescriptive to a principles-based MBL regulation. This change would modernize the regulation by giving credit unions the flexibility to develop MBL programs to best fit their Members' needs and allow them greater opportunities to unleash billions of dollars they want to lend. We recognize that a principles-based regulation can complicate the running of an MBL program as a greater responsibility to develop and maintain a safe and sound MBL or commercial lending program will be placed on management and board of directors. However, we believe the flexibility gained is well worth the added responsibility.

We also support the adjustments in the MBL calculation. Unfortunately, the statutory lending cap remains in place, but we support the NCUA removing the 12.25 percent shorthand calculation as it is not required by the Federal Credit Union Act (FCU Act) and only an added complication to the rule. The proposed calculation meets the FCU Act's requirements while removing an unnecessary provision.

Furthermore, the current member business rule has many requirements that necessitate obtaining a waiver, even though they are not mandated by statute. This adds unnecessary burden to credit unions making commercial loans. The proposed rule would remove all of the requirements necessitating waivers and thus eliminate the need for waivers. This represents a major regulatory improvement that we fully support.

Again, thank you for the opportunity to comment on the proposed MBL rule and for considering our views. We believe making these changes will allow CU SoCal the opportunity to better serve Members and our communities.

Sincerely,

Michelle Hunter
SVP
Credit Union of Southern California

cc: CUNA, CCUL