

From: [Elizabeth Kochmann](#)
To: [Regulatory Comments](#)
Subject: Nick Woodard- Comments on Proposed Rulemaking for Part 723
Date: Thursday, August 20, 2015 3:39:27 PM

August 20, 2015

Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street, Alexandria
Virginia 22314-3428

RE: RIN 3133-AE37; Comments on Proposed Rulemaking for Part 723 - Member Business Loans; Commercial Lending

Dear Mr. Poliquin,

I, on behalf of United Savings Credit Union, appreciate the opportunity to provide comment to the National Credit Union Administration (NCUA) with regard to the proposed amendments to Part 723 – Member Business Loans; Commercial Lending.

United Savings Credit Union serves a 75-mile radius from downtown Fargo, ND, covering cities from Valley City, ND to Mahanomen, MN; from Grand Forks, ND skirting into South Dakota. We have \$45 million in assets and a net worth of \$8.4 million and serve 4,350 members. Our Credit Union is relatively new to the MBL process, just implementing this service in early 2015, but our loan officers have a combined 30 years of experience in business lending. Since business lending implementation, we have funded over half a dozen business loans, thereby helping our members meet their needs.

NCUA's proposed rule will relieve some of the burden and red tape surrounding member business lending. We disappointed our members when we told them that we do not offer commercial or member business lending. They were then forced to go to big banks rather than to get the service from us, their Credit Union, who they know and trust. Being able to offer this service will help our membership grow.

We are a small institution so some of the current caps restrict us from doing otherwise solid business loans. The safety and soundness measures allow us to rely on our Credit Union's and members' needs as opposed to following strict regulations in the current rule. Relaxing some of the rules will also help us with our overall compliance program.

Separation/differentiation between commercial loans and member business loans will be very helpful. However, one area we aren't confident in is how the examiners will be able to examine our portfolios. We think that they will try to apply objective interpretation to our principle-based policies and procedures. How can we be confident that examiners, even after rigorous training, will not write us up for something they interpret as an infringement, but that we follow according to our policies and procedures? The NCUA should issue guidance for credit unions and examiners for policy and procedure expectations, noting the differences for credit unions with extensive MBL portfolios and the small/new/limited MBL portfolios. A small institution like United Savings Credit Union with a small portfolio shouldn't be compared using the same metrics as a large credit union with an extensive portfolio.

From a compliance standpoint, the proposed rule is possibly too detailed in what is required in *policy*. It would be helpful if the regulation only required the items for a basic MBL policy/procedure, then issued guidance for what is recommended for complex portfolios. This

would help credit unions with limited portfolios like us. How will the regulation differentiate policy requirements for complex portfolios compared to simple portfolios? Will the examiners recognize that difference or will they write us up for not following requirements that only make sense for complex MBL programs?

Overall, we support this new rule and are looking forward to relaxed MBL regulations.

Thank you for this opportunity to share our comments and concerns.

Sincerely,

Nicolaus Woodard
President/CEO
United Savings Credit Union

Elizabeth Kochmann
Compliance Officer, CUCE



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