

**From:** [Mike Schmid](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Michael Schmid, VP of Business Service, SouthPoint FCU - Comments on Proposed Rulemaking for Part 723  
**Date:** Friday, August 21, 2015 5:28:36 PM  
**Attachments:** [imagef360da.PNG](#)

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SouthPoint has been involved in business lending for over 25 years and I personally have over 30 years of experience as well. I am glad to see NCUA is addressing some of the issues within the rule. I believe principles-based rules are a good step to provide meaningful risk mitigation for both the NCUA and credit unions. I understand that these rules may require more thought and work for both credit unions and examiners, but they are a good step forward.

- The waiver process is cumbersome for both credit unions and the NCUA. I agree that this proposal will provide timesaving relief for all parties concerned. Credit unions can better serve members and the NCUA can address real risk concerns. We do have a waiver on the 12.25% cap.
- The elimination of constraints in 723 will make credit unions reevaluate risks and address them in a policy designed to meet member's needs rather than strictly comply with regulation.
- I am concerned about the 18 month implementation period as I would rather see credit unions be able to implement the changes to policy as soon as possible.
- We have chosen not to be involved in participations in the past for a number of reasons. But I recognize the need you are addressing. There is some concern however as history has taught us that not every credit union recognizes the risks involved.
- The commercial loan distinction provides regulatory relief for the vehicles and 1-4 residential real estate makes a lot of sense as these loans properly underwritten typically are normally less risky and are closer to the historical lending strengths of credit unions.
- We have always had a good relationship with NCUA examiners and anticipate that guidance and training for the examiners will be sufficient to avoid unnecessary confrontation. I do not think the \$1.9 million allocation is excessive.

The proposed rules will benefit us by allowing us the latitude to lend according to the risks involved and not because of the regulations. I commend the Board for considering these changes to better serve our members.

As a former banker I am not surprised by their negative comments. However I also know from experience the difference between the way credit unions view their members and banks look at customers. We try to do the right things for the right reasons.

Again, thanks for the opportunity to provide input on the NCUA's rulemaking amending MBL regulations.

Sincerely,

Michael Schmid, VP Business Services  
SouthPoint Federal Credit Union



Mike Schmid | VP of Business Services  
[mike.schmid@SouthPointFed.Com](mailto:mike.schmid@SouthPointFed.Com)



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NMLS - 641334  
Telephone - 877-794-6712  
Fax - 507-794-6729

[www.SouthPointFed.com](http://www.SouthPointFed.com)



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