From:	Beverley Rutherford
To:	_Regulatory Comments
Subject:	VACU Comments on Proposed Rulemaking for Part 723
Date:	Monday, August 24, 2015 3:38:32 PM
Attachments:	image002.png

Thank you for the opportunity to comment on your proposed changes to Part 723, the Member Business Loan (MBL) rule. I am responding on behalf of a state chartered credit union in Virginia, with 2.7 billion in assets and serving over 240,000 members.

A few years ago, we started a member business loan program and would welcome the benefits of more flexibility in our MBL program. By changing from a prescriptive rule to a principle-based rule, we believe it will allow us the flexibility to underwrite and decision loans based on the strengths and weaknesses each individual loan application presents. Credit unions with the appropriate experience and sound practices, coupled with senior leadership, should be allowed to decision loans using principle-based guidelines and not outdated, and sometimes irrelevant, prescriptive rules that hinder the credit union's ability to compete for and conduct sound business. Regarding the adjustments in the calculations of loans that count for the MBL statutory cap, we believe as our business loan portfolio grows, the adjustments will allow us more capacity to lend to more businesses.

The proposed rules appear straightforward with respect to policies and procedures and they should not affect our current lending practices and policies due to our conservative nature of underwriting, decisioning, and depth of existing policies. The proposed rules set forth by NCUA do not mean we will change our safe and sound practice of business lending, rather it will allow us to make our own decisions on loan requests that warrant such consideration. Further, we have a credit risk rating system in place so we would not need to create a credit risk rating system or credit grading system to comply with the proposed rule.

Lastly, while NCUA did not specifically solicit comments on the corresponding MBL call report reporting, we urge the NCUA during the evaluation of this proposed rule or in the future to provide regulatory relief on the MBL schedule. This schedule requires us to look at each loan individually to determine if required to be reported. It is quite complex to accurately complete the schedule. For instance, only total loans $50,000 or over are reportable. So a member may have a loan for $45,000 which doesn't get reported but then takes out a $5,000 credit card which requires the credit card to be reportable. In addition, some fields require reporting of credit lines whether or not they are used including year to date advances (but only on the accounts that are deemed reportable in the first place, not on all business loans). I would wager that completing just that schedule in the short time we have had MBLs has taken more time/resources than the rest of the call report during the same time period.

Please feel free to call me if you have any questions about these comments. Thank you for allowing us to comment on this proposed rule.

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