



August 24, 2015

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

VIA Email: regcomments@ncua.gov

Re: Comment to the Proposed Amendments to the MBL Rule

Dear Mr. Poliquin:

Michigan Business Connection, LC (MBC) is an 11 year old commercial lending CUSO owned by Michigan credit unions and our State trade association. Our services primarily include helping Michigan credit unions originate and manage business loans. On behalf of MBC, I would like to provide the following official comment letter regarding the NCUA's recently proposed changes to the MBL rule.

I commend the NCUA for addressing the shortfalls of the current MBL rule, and in so doing, convert from a prescriptive approach to one that will allow competent credit unions with appropriate expertise and capital to define and manage their business lending programs as they feel best to safely and soundly serve their members and communities.

The areas I feel are most beneficial to credit unions improving both their competitiveness and capabilities include the proposed:

- Collateral and security requirements
- Personal guaranty requirements
- Clarification of construction costs and limits

I do want to comment on a few suggested changes or clarifications:

- Timetable: While I can appreciate that some credit unions are not completely ready for their new responsibilities, there are many that are. The three items noted above represent current competitive threats and I encourage an accelerated timetable for their availability, or a more streamlined approach for waiver approvals during a transition period.
- Conflict of Interest: The wording in the preamble and the actual proposed rule leaves too much room for ambiguity. Every financial institution in the country manages the

conflict that exists between needing to balance risk and return, with the undeniable truth being that only loans that actually close produce the desired financial return. A CUSO, or for that matter any third party, that is engaged to provide loan processing performs a function that is no different than what an internal department at a bank or credit union would do. As the financial institution has complete and exclusive loan approval authority, and the responsibility to appropriately monitor and manage the third parties they do business with, they must also be allowed to negotiate financial elements of third party contracts as they feel appropriate. At the very least, the NCUA must recognize that CUSOs, as credit union industry owned entities, are legitimate exceptions to any third party conflict concerns expressed.

Lastly, you have asked for input on how to handle State rules related to MBL. I am a big believer in “State’s Rights” and the dual chartering structure. However, when dealing with safety and soundness issues, the insurance fund must have priority. It seems appropriate to me therefore that the NCUA should have the authority to define expectations of all member institutions relying upon that insurance.

Again, thank you for your efforts to improve the MBL rule.

Sincerely,

A handwritten signature in cursive script that reads "William P. Beardsley".

William P. Beardsley
President