



August 26, 2015

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

Sent electronically to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)  
Re: RIN. 3133-AE37

Dear Mr. Poliquin,

The Nebraska Credit Union League (League) is the non-profit trade association that represents the interests of Nebraska credit unions and their members. On behalf of the League, I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposal concerning member business lending and commercial lending. Part of the credit union mission is to serve those of modest means and offering commercial loans are a piece of the puzzle to ensure the needs of the community are met. The League supports NCUA's efforts to remove regulatory restrictions not required by the Credit Union Membership Access Act (CUMAA) and provide more flexibility for credit unions to develop their lending programs. However, the League requests that any final rule provide clarification to help ensure a smooth examination process following the implementation of these changes.

The League believes additional flexibility to assess and manage risk according to a credit union's individual situation is critical to allowing Nebraska credit unions to provide robust services for the community and to operate in a safe and sound manner. For example, the League supports the requirement for credit unions to use a credit-risk rating system appropriate for its situation when making commercial loans and the requirement to incorporate this system within a commercial loan policy. Many Nebraska credit unions already employ risk rating or credit grading systems for their commercial loans and MBL's to ensure safe and sound lending. However, the League requests that supervisory guidance and examiner training help inform both the examiners and credit unions about credit-risk rating program expectations.

Removing the waiver process for certain lending restrictions will also provide a measure of regulatory relief for Nebraska credit unions. The League is appreciative of NCUA's move to increase the limit on single obligor loans to match the regulatory limit currently applied by other financial institution agencies. Allowing single obligor loan limits to be determined by the credit union when reviewing their overall program and incorporating parameters into their policies will help streamline the process and provide a more appropriate estimation of the risk involved. Under the proposed rule Nebraska credit unions and their members will benefit from the ability to

determine if a MBL should be limited to 15 percent or if a borrower could qualify for a higher limit up to 25 percent of the credit union's net worth. However, the League also requests further clarification on the definition of readily marketable collateral and whether that term could also include broader types of collateral.

In order to reduce examination issues the League requests the ability to review and comment on supervisory guidance before it is implemented. The League also requests that NCUA clarify how examiners will be trained on MBL and commercial lending principals. A review and comment period on the supervisory guidance would allow Nebraska credit unions to alert NCUA to further points of confusion, such as properly categorizing MBL and commercial loans. It would also allow credit unions to identify areas of the guidance that may pose a risk to examiner inconsistencies or potential areas where examiner discretion may contradict the intent of the proposed flexibility in this rule.

The guidance and examiner training will be directly related to the amount of regulatory relief and flexibility this rule provides to Nebraska credit unions once it is implemented. An opportunity to comment on the supervisory guidance may also help minimize subsequent changes to the guidance that could impact the overall cost of the training. While the League supports additional training for examiners, the cost of training is significant. The League requests that NCUA receive feedback on the supervisory guidance first and try to incorporate MBL and commercial training into existing training programs to help minimize the overall cost to Nebraska credit unions.

Member business lending and commercial lending is an integral service for communities throughout Nebraska. The League appreciates NCUA's efforts to recognize the importance of that service and remove certain regulatory barriers. Before the final rule is implemented, the League requests that NCUA provide additional clarification on the items outlined in this letter, and accept feedback on the supervisory guidance before it is implemented at the examination level.

Sincerely,



J. Scott Sullivan  
President/CEO  
Nebraska Credit Union League