

August 27, 2015

National Credit Union Administration
1775 Duke St.
Board Secretary
Alexandria, VA 22314

RE: Comments on Proposed Rulemaking for Part 723; RIN 3133-AE37

Dear Gerard Poliquin,

I am writing on behalf of CommunityAmerica Credit Union, a \$2.1 billion state chartered, federally insured credit union. CommunityAmerica appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the Member Business Lending regulation, as well as continuing to look for ways to modernize its rules and regulations. With over 194,000 members, CommunityAmerica engages in business lending to help meet the needs of our members. Many of CommunityAmerica's members are small business owners and/or real estate investors, so providing business loans allows us to serve those needs.

We are fully in support of the proposal's elimination of the current waiver requirement pertaining to member business loans (MBLs) and nonmember business loan participations. The elimination of this waiver requirement will allow us to purchase nonmember loan participations with no impact on our MBL cap. While CommunityAmerica does not currently engage in loan participations on a routine basis, the proposal creates greater opportunity for the credit union to be able to explore this investment opportunity. Buying participations allows the credit union to diversify its loan portfolio and engage in cooperative activities with other credit unions.

In addition, this would give credit unions a chance to consider larger credit requests from our members by being able to share the overall exposure with a participant. As long as the risk to the credit union is managed appropriately, this investment vehicle can provide great value to credit unions.

CommunityAmerica is also a strong proponent of creating residential loan parity with other financial institutions. We recommend that the NCUA support allowing loans for 1-4 unit, non-owner occupied residential properties be exempt from the MBL cap.

This allows for parity with bank standards that classify these loans as residential real estate rather than business loans.

Finally, we request that NCUA provide comment and clarification on the impact of merger activity on the MBL cap. If a credit union over \$250 million merged with a credit union under \$250 million, how would the merged loans of the under \$250 million credit union be evaluated by the NCUA? Due to the lower standard required by those credit unions, would there be a "grandfathering" of those loans, so that they would not immediately be subject to the standards of the \$250 million and above

credit union? Would they only be subsequently raised to that standard if the loans were renewed or refinanced? Any clarification on this area would be appreciated.

Again, we support the NCUA's efforts to modernize the MBL rule. Thank you for the opportunity to comment on this proposed rule and for considering our views.

Sincerely,

Tracey Hannah
Director, Government Affairs & Regulatory Counsel
CommunityAmerica Credit Union

cc: CUNA, CCUL