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August 26, 2015

Mr. Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3248

Re: Comment Letter Regarding Proposed MBL Changes

Dear Mr. Poliquin,

On behalf of Resource One Credit Union, I commend the Board for considering changes to Part 723 to allow us to better serve our business members. Resource One has served the communities of Dallas and Northwest Harris counties for nearly 80 years. We view Member Business Lending as an integral part of our vision to be "Our Members' One Resource" for their financial needs. To that end, I will comment on certain portions of the published proposals.

The elimination of the majority of the Waivers is seen as a positive step. This will add flexibility and allow us to be more competitive in the marketplace. Thus, we support this proposal; however, we believe the elimination of most Waivers could be implemented immediately. We fail to see a benefit to phasing in this portion of the proposal.

Regarding the proposed elimination of the minimum two-year experience requirement, while I recognize NCUA's original objective, those of us that measure our business lending experience in decades realize the requirement was woefully inadequate for its intended purpose. The change requiring experience commensurate with risk, type, and complexity of the credits being considered is a positive step. However, the lack of a specific measurement for what constitutes sufficient "experience" has the potential to invite differences of opinion between the examiners and the credit union that could be avoided. I would suggest adding a minimum experience level of 5 years to the proposal.

We have particular concern with the proposed classification "Commercial Loan". We find these definitions too complex. For example, as proposed, 1 to 4 family residential properties that are not the borrower's primary residence would be classified as an MBL but not a commercial loan. If the property is not their primary residence, then it is an investment, which is consistent with the Act and the proposed definition. However, the proposal defines a Commercial Loan as a loan for "...commercial...purposes"; in other words, not for consumer purpose. An investment property is not a consumer purpose and thus would appear to fall under both definitions. As proposed, it would appear that an exception to an exception has been created leading to another opportunity for confusion. If this definition remains as proposed, how are the newly



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defined Commercial Loans to be reported on the Call Report? NCUA would need to provide guidance in that regard. We are of the opinion that loans for 1 to 4 family residential properties (not the borrower's primary residence) should not be considered MBLs provided that the borrower was a natural person (not an LLC or other similar entity) and underwritten to Fannie Mae/Freddie Mac standards.

We believe the proposal to exclude loans to businesses for vehicles "manufactured for household use" is a positive step also. However, we would ask that a definition of "manufactured for household use" be incorporated into the proposal.

Lastly, we commend NCUA for moving from a prescriptive approach to a principals based approach. However, a principals based approach will require a great deal of judgement on the part of the examiners, which is our concern. We understand that NCUA will be providing "guidance" to the credit unions, which will be helpful in understanding NCUA's expectations. It will be imperative that NCUA enhance training for their examiners. We would encourage NCUA to add seasoned commercial lenders to the examiner staff and their training area.

Thank you for the opportunity to provide input on these proposals.

Best regards,



Jim Brisendine, President/CEO



Lee Strickhouser, Chief Lending Officer



Mark Joyce, Director of Commercial Lending