



# Global

August 27, 2015

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

*Delivered Electronically*

**Subject:** Proposed MBL Rule

Dear Mr. Poliquin:

I'm writing to comment on the subject and thank all three NCUA Board Members for reforming the MBL rule. There are several positive aspects of the rule including that the rule removes prescriptive non statutory barriers in the proposal including:

- a. **The requirement for a personal guarantee:**  
Oftentimes this requirement puts our credit union at a competitive disadvantage when our Member is shopping for a loan.
- b. **The 80 percent limit on loan-to-value ratios:**  
This helps provide more flexibility in the underwriting process.
- c. **The requirement that staff have two years of direct experience:**  
This helps ensure that loans are underwritten in a manner that is appropriate in relation to the risk and protects our credit union from "rookie mistakes".
- d. **The 15 percent of net worth limit on loans to one borrower, which will now increase to 25 percent if the additional 10 percent is supported by readily marketable collateral:**  
This helps provide more flexibility so that we can continue to lend to our loyal MBL members.

In addition, I'm pleased that the NCUA removed references to 12.25% of assets and choosing instead to express the cap as 1.75 times our net worth requirement for a well-capitalized credit union. This minor change allows us additional MBL authority.

Also, I'm pleased that the NCUA has chosen to break out commercial loans from MBL loans. The NCUA is statutorily required to consider some low risk loans as MBLs including a 1-4 family residential property that is not a primary residence, and a vehicle that costs over \$50 thousand, even if they are used for household purposes. Under the proposed rule these loans would not be subject to enhanced requirements of higher risk commercial lending. In addition, removing nonmember business participation loans from the MBL bucket allows us to increase commercial lending, while including only statutorily required loans under the MBL definition. I estimate that this will provide additional MBL authority equal to approximately ten percent of our current portfolio balance.

My final comment is in regards to preemption of our Washington state MBL rule. I'm specifically asking that the NCUA not make any adverse changes to part 741. The current proposal includes a change to part 741.203 that would eliminate an important Washington State carve out. The NCUA should recognize that Washington state supervisory authority plays an important role for Global Credit Union as well as many others.

I appreciate the opportunity to submit comments on the proposed MBL rule and believe in the leadership of Chair Matz, Vice Chair Metsger, Board member McWatters and their willingness to address my concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Fallis', is positioned above the typed name and title.

Jack Fallis  
President/CEO