

August 25, 2015

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

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

Dear Mr. Poliquin:

Thank you for the opportunity to comment on NCUA's proposed amendments to the member business regulation. I am writing on behalf of Pacific Crest Federal Credit Union, its board of directors and over 15,000 members. Pacific Crest was chartered in 1936 to serve the forest products industry in the Klamath Basin region of rural south central Oregon. We are now a community based credit union of \$154 million in assets with 4 branches serving Klamath and Lake Counties in Oregon; and Modoc and the northeast corner of Siskiyou County in California.

The ability to have further flexibility in administering our business lending program is of utmost importance in serving our members. Although member business lending is a small portion of our lending portfolio, we have seen growth in total MBL's as former 'small business' bank customers become credit union members and borrowers. This is a direct result of local community banks being consolidated into larger regional and national banks, who are not interested in serving the small business customers' borrowing needs.

The NCUA is to be commended for considering change to a principle-based rule rather than a prescriptive rule. Pacific Crest especially appreciates the following proposed changes:

- A 1-4 family residence loan will not be considered a MBL.
- Purchased business participations will not be considered as an MBL for NCUA's purposes.
- Allowing individual credit unions to establish parameters that make sense for the credit union's individual member business lending program including loan to value's, limits to borrowers and unsecured loan amounts.

Pacific Crest would also urge the NCUA Board to adopt a \$500 million enhanced commercial loans due diligence exemption rather than a \$250 million exemption, when total commercial loans are less than 15% of net worth. This would allow credit unions with minimal MBL exposure to more fully serve their membership without an additional barrier to offering loans to an important segment of their communities.

We also advocate that the NCUA not make any adverse changes to part 741 relating to the ability of States to update or submit a new rule to the NCUA Board for approval; as well as to retain previously adopted State rules. In our current local-focused economy, all credit unions benefit from the innovation that is possible by allowing States to interpret a rule in a way that empowers enhanced member business lending in their communities.

We would like to express our appreciation to all members of the NCUA Board for your efforts to provide us this opportunity to better serve our business members. Thank you to Chairman Matz for advocating on behalf of the MBL reform effort, and to Vice Chairman Metsger and Board Member McWatters for their involvement and support.

Sincerely,

Kathie Philp
President/CEO
Pacific Crest Federal Credit Union