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Aug. 31, 2015

Mr. Gerard S. Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Arlington, VA 22314-3428

Re: Proposed Amendments to NCUA Rules, Member Business Loans & Commercial Lending  
RIN 3133-AE37

Dear Mr. Poliquin:

On Behalf of Reach Business Lenders™, LLC, I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA's) proposed amendments to its member business loan (MBL) and commercial lending rules.

Reach Business Lenders was recently created to serve Wisconsin credit unions and their members by originating, underwriting, servicing and participating business loans. We provide competitive and broad-based MBL services to help Wisconsin-based credit unions with administrative support and increased access to capital for business borrowers. Our services help to strengthen credit unions that may not have the full resources to serve their business members, so that they can extend their business lending services and better serve their communities. Reach Business Lenders is owned by the Wisconsin Credit Union League Services Corporation (W.C.U.L. Services Corp.) and WISCUB, a credit union-owned bank holding company.

The NCUA has Reach's full support for this proposal, which will remove some significant hurdles that have disadvantaged credit unions' commercial lending programs. The current "prescriptive" method of regulating MBLs has several shortcomings – including arbitrary restrictions and a one-size-fits-all approach that unnecessarily hampers business lending by requiring waivers when limits are inappropriate for a particular loan. We welcome the new "principles-based" methodology, which would give credit unions more flexibility to serve business borrowers and set their own standards for sound commercial lending.

Other commenters, including the Wisconsin Credit Union League, have written to express their views of this proposal. I will not repeat The League's recommendations in detail. I will simply echo that Reach agrees with them. In particular, I want to stress these points:

- The proposed supervisory guidance, which will set the standards for safe and sound commercial/MBL lending programs, should be released for public comments so that all interested parties can have a say in its development;
- The NCUA should ensure that examiners who will review commercial lending programs are experienced, well-trained and adequately supervised, at both the federal and state levels, and that they apply consistent standards;
- The NCUA should continue to make waivers available for the cap on the amount of commercial loans a credit union can make to any one borrower or group of associated borrowers; and
- The asset size threshold on the small credit union exemption from commercial loan program requirements should be removed.

Reach, created to help Wisconsin credit unions originate, underwrite, service and participate business loans, has two additional concerns, addressed in more detail in the remainder of this letter.

#### Prohibited Activities – Conflict of Interest (§723.7(c))

This section would bar a third party providing business loan advice to a credit union from receiving compensation contingent upon the closing of a loan. We understand the NCUA's desire to prevent potential conflicts of interest by prohibiting third parties from pushing questionable loans to closing in order to earn compensation. This is an important concern when the third party is, for example, a borrower-paid broker, etc.

However, entities like Reach and CUSOs do not pose the same risks as other third party vendors. Reach is owned by two corporations controlled by credit unions. Likewise, credit unions are the owner/users of a CUSO's services. In both situations, the entities are, in effect, the collaborative extension of the credit unions utilizing their services and have different motivations than unaffiliated vendors do. The conflicts of interest that may arise in purely client relationships do not exist in such owner/user relationships. In a CUSO, as is true with Reach, its best interests coincide with its owners' best interests.

For that reason, we believe that this section of the rules should be revised, to exempt engagements between credit unions, and CUSOs and other third parties that are effectively owned by those credit unions.

Existing NCUA MBL regulations (§723.5(b)) say that if a credit union relies on a third party, it must be independent from the transaction and not have a loan participation interest or an interest in the collateral, but it carves out an exception that allows the credit union to use the services of a CUSO in which the credit union has a controlling financial interest. A similar carve-out should be added to the NCUA's MBL proposal, allowing a credit union owner to pay a CUSO or entity like Reach contingent on a loan closing.

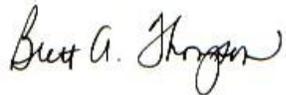
#### Aggregate Member Business Loan Limit; Exclusions and Exceptions (§723.8)

Under this section of the proposal, a loan participation interest can be excluded from the calculation of the aggregate loan limit only if it is without recourse and qualifies for true sales accounting treatment under GAAP. A true sales analysis can be costly and time-consuming. Requiring a valid opinion, either legal or in accordance with GAAP, is impractical; it can be difficult to find a lawyer or accountant willing to opine on true sales, which involve accounting issues, bankruptcy implications and state-specific legal insolvency laws.

This accounting issue should not be tied to the regulatory issue, especially since it so problematic to implement. We believe that the NCUA should keep the “without recourse” requirement and delete the “true sale” requirement, or at least clarify that the rule does not require GAAP Sale Treatment “opinions.”

In conclusion, Reach Business Lenders™, LLC, applauds the NCUA for moving to modernize and streamline its MBL and commercial lending rules. We offer our recommendations in the spirit of helping to improve an already positive proposal.

Thank you.

A handwritten signature in black ink that reads "Brett A. Thompson". The signature is written in a cursive style with a large, stylized 'B' and 'T'.

Brett A. Thompson, Chairman  
Reach Business Lenders™ LLC