People's CREDIT UNION
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August 28, 2015

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

Dear Mr. Poliquin,

On behalf of People's Credit Union, I would like to thank you for NCUA's proposed member business lending (MBL) rule. The revisions demonstrate NCUA's commitment to regulatory modernization and providing credit unions flexibility in managing their MBL program to best meet the needs of their membership. I appreciate the opportunity that NCUA has offered to express our comments on the proposed rule.

People's Credit Union, which was incorporated in 1922, is a state chartered credit union operating six (6) branch offices serving approximately 30 thousand members throughout Rhode Island, southern Massachusetts and eastern Connecticut. As of July 31, 2015, the Credit Union assets were $406.2 million. Loans outstanding to members totaled $332.8 million with $42.5 million in Commercial & Member Business Loans or 10.5% of assets. Member deposits totaled $348.3 million. The Credit Union's regulatory capital ratio remains strong at 11.1% remaining "well-capitalized" by current regulatory standards. We have a very sound Commercial Loan program and maintain sound policies.

People's Credit Union has a long history of making loans to members for business purposes. We have examined the proposed rule and support the proposed changes, specifically the shift from a prescriptive regulation to a principles-based regulation that gives credit unions more flexibility in the construction and operation of a commercial lending program that best fits their members' needs. In particular, the creation of a distinction between "commercial loans" for safety and soundness purposes and "MBLs" for the purposes of the cap will benefit our Credit Union. We have utilized participation loans for asset liability management. However, with participation loans included in the cap, we have had to pass on strong loans as we are approaching the 12.25% cap and want to ensure sufficient funds are available for our own members. Removing participation loans from the cap will allow us to purchase strong participation loans to benefit the Credit Union's earnings and risk diversification without impacting the cap.

We support the requirement of a commercial loan policy. However, without specifying minimum acceptable policy requirements/standards or the benefit of reviewing and commenting on the Supervisory Guidance it creates uncertainty. Additionally, in the absence of minimum requirements, I believe that an unintended consequence is that we may again be subject to an individual examiner's opinion of what is required for a safe and sound program.

We strongly urge NCUA to permit credit union and stakeholder guidance on the proposed Supervisory Guidance before it is issued in final form.

We appreciate the 18-month delayed implementation period. However, I request that credit unions be allowed the discretion to comply with the new provisions earlier.

Thank you again for the opportunity to comment on the revised proposed regulation.

Respectfully,

Ellen Ford
President & CEO