

August 28, 2015

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

RE: Comment Letter on the Proposed Amendments to NCUA's MBL Rule;
RIN 3133-AE37

Dear Mr. Poliquin:

Whatcom Educational Credit Union (WECU) is pleased to comment on NCUA's Notice of Proposed Rulemaking for 12 CFR Part 723 regarding potential changes to the Member Business Loan regulations. We commend the Board on considering these regulations to assist credit unions in better serving their business members' expanding needs.

WECU is a \$1.1 Billion state chartered credit union headquartered in Bellingham, WA. We originated our first member business loan in 2003, and since that time have committed all the necessary resources to grow in a safe and sound manner. We now have a \$222 Million member business loan portfolio, managed by a Business Services Department staff of 14, with total combined commercial lending experience of over 174 years. Member business lending is a very important part of the communities we serve and is a vital part of WECU's future. For these reasons, we believe feedback on this issue is very important.

Overall, WECU is very supportive of the MBL proposal and we would like to thank all three NCUA Board Members: Chairman Debbie Matz for championing the MBL reform effort, Vice Chairman Metsger and Board Member McWatters for their work on this matter. This proposed rule will allow credit unions to more effectively manage business loan originations and portfolios. We would also like to thank the NCUA for removing a host of prescriptive limits, definitions and waivers. These proposed changes will definitely benefit our business lending by removing the following barriers:

1. Personal guarantee requirement
2. Aggregate construction & development loan limit
3. Minimum borrower's equity for construction & development loans
4. LTV requirement
5. Maximum unsecured limits
6. Maximum aggregate net MBL to one member or group of members

Although we are pleased with the proposed changes, WECU does have some concern that examiners will inconsistently interpret and apply the new MBL regulations. Additionally, we have concerns that the NCUA will issue guidance that could be as restrictive, or even more restrictive than the current regulation. We are strongly encouraging that the NCUA consult with industry and state supervisory authorities on guidance, which should be released with the final rule in draft form.

Another concern WECU has with this rule is that the NCUA is considering eliminating state MBL rules as well as the ability of states to apply to have their own MBL regulation. Preemption is an important issue to all credit unions – state chartered, federally chartered, and credit unions in states that do not have their own MBL rules, because all credit unions benefit from a regulatory environment that promotes innovation. We believe Washington State has an outstanding State Supervisory Authority. State-specific rules allow state supervisory authorities to interpret a rule differently from the way that the NCUA interprets a section of a rule, even if the rule is substantially the same as the NCUA rule.

Therefore, we believe it is imperative that States be allowed to maintain previously adopted state rules and to retain the ability to update or submit new state rules to the NCUA Board for approval. We are 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 state carve out and this carve out must be maintained. We strongly encourage the board to refrain from weakening state regulatory authority related to state specific MBL rules and ask that the NCUA focuses on fostering healthy state regulatory regimes rather than weakening them.

In conclusion, we sincerely appreciate the opportunity to provide input on this proposed rulemaking and for the NCUA's commitment to improving the regulatory landscape for all credit unions. We believe in the leadership of Chair Matz, Vice Chair Metsger and Board Member McWatters and ask for their willingness to address these valid concerns.

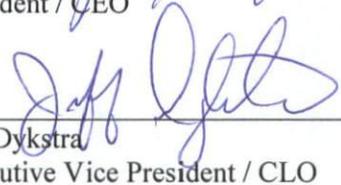
Thank you for your consideration.

Sincerely,



Jennifer Kutcher
President / CEO

8/28/15
Dated



Jeff Dykstra
Executive Vice President / CLO

8/28/15
Dated



Kent Bouma
Vice President / Business Services

8-28-2015
Dated