August 28, 2015

National Credit Union Administration
1775 Duke St.
Board Secretary
Alexandria, VA 22314

RE: Comments on Proposed Rulemaking for Part 723; RIN 3133–AE37

Dear Gerard Poliquin,

I am writing on behalf of Meritrust Credit, which serves 17 counties in the State of Kansas, including the Wichita metropolitan area. We have over 85,000 members and just over $1 billion in assets. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the member business lending regulation. The communities we serve need our help with economic development. Credit unions like Meritrust are very well positioned to serve the developing needs of our small businesses.

Meritrust CU has been an active member business lender for nearly 10 years, and the Credit Union currently manages a portfolio of approximately $35 million. We agree with NCUA and have seen that properly structured, priced and managed MBL's can have a positive impact on earnings and net worth for credit unions; however, the impact extends well beyond expanding opportunities for credit union growth. Member Business Lending also gets much needed capital into the hands of deserving local small businesses that in turn create jobs, expand the tax base and ultimately attract new investment to our communities.

Meritrust CU is also a strong proponent of creating residential loan parity with other financial institutions. We recommend that the NCUA support allowing loans for 1-4 unit, non-owner occupied residential properties be exempt from the MBL cap. This allows for parity with bank standards that classify these loans as residential real estate rather than business loans.

We have long advocated against one-size-fits-all rules as these are often unnecessarily burdensome and adversely impact credit union competitiveness. Consequently, we support the Board's proposal to eliminate the two-year experience requirement. Moving away from regulating based on an arbitrary number of years to evaluating the knowledge, skills and experience of the professionals involved in Member Business Lending better aligns requisite skills with the size, complexity and risk profile of each credit union. We also enthusiastically support the removal of the waiver process as it seriously impacts member service and needlessly places credit union at a severe competitive disadvantage.

Our greatest concern with this proposal is the apparent management responsibilities imposed on our volunteer Board of Directors. While we agree that the ultimate responsibility for a safe and sound commercial lending program rests with a credit union's Board of Directors, this proposal seems to require Boards to be much more involved in the operations of commercial lending, beyond what is necessary for prudent governance. Most importantly, this proposal is not clear on exactly what would constitute adequate Board supervision of a commercial lending program under this Rule. This lack of clarity may harm credit unions in two ways. First, it may cause credit union boards to become overly involved in operations instead of setting policy. Second, this uncertainty may convince some Boards to simply decline the opportunity to help members with business loans.

We fully support the NCUA's efforts to modernize the MBL rule. Thank you for the opportunity to comment on this proposed rule and for considering our views.

Sincerely,

Sincerely,

James Nastars
President/CEO
Meritrust CU

cc: CUNA, CCUL