

PUBLIC SUBMISSION

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Submitter Information

Name: Russell Abbott  
Address: 45255  
Email: rabbott@umethodist.com  
Organization: United Methodist Financial Credit Union

General Comment

As a supporter of the proposed changes to NCUAs member business loan rule, United Methodist Financial Credit Union congratulates the administration on its attempt to modernize the rule.

Transitioning from a prescriptive rule to a principle-based rule makes room for each credit union to respond more appropriately to the unique needs of each member applying for a commercial or member business loan. Eliminating the long-standing, one-size-fits all approach is beneficial for the credit union, the member and the financial health of the credit union movement.

Our credit union has been providing commercial and member business loans for many years. Our member business loan portfolio exceeds \$20 million. Without merit, the banking industry continues to challenge the expertise of credit unions to properly originate and service member business loans. This proposed rule recognizes the credit unions proficiency in providing the products and services business owners need, as well as the credit unions ability to do so with great professionalism and prudence. The personal relationships many members have with their credit unions facilitate an environment of mutual trust and respect. This type of relationship with a borrower goes a long way in helping the member and their business to be successful. Successful businesses create jobs and contribute to a sound economy.

The proposed rule also allows credit unions to expand their capacity to purchase non-member commercial loan participations without jeopardizing their MBL cap. This allows credit unions to support one another in a profitable and tangible way that also directly benefits the member. Credit unions that are approaching their MBL cap are reluctant to purchase loan participations because of their concern that if they do, they will not have the room left in their MBL cap to respond to their members commercial or business needs. The tragedy of this is that many credit unions cannot hold an entire loan balance on their books. However, loan participation makes it possible for credit unions to still make those loans while still serving their member as the lead lender.

I urge NCUA to move forward with the proposed rule as written.