



PO BOX 1950
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August 28, 2015

Mr. Gerard S. Poliquin
Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Proposed Rulemaking for Part 723

Dear Mr. Poliquin:

Purdue Federal Credit Union is pleased to comment on NCUA's Notice of Proposed Rule for 12 CFR Part 723 as it relates to the proposed changes to the Member Business Loan regulations. We applaud the Board's efforts to help the credit union industry better serve our members.

Purdue Federal Credit Union was founded in 1969 and began serving business members in 1999. We have more than 60,000 members nationwide with total assets around \$950 million as of July 31, 2015. Our Member Business Service team of six (3 lenders, 2 credit analysts, & 1 Operations Specialist) actively manage 149 MBL lending relationships totaling about \$150 million in loan commitments. Purdue Federal Credit Union has no delinquency of 30 days or greater in the commercial loan portfolio. Furthermore, with the exception of our business credit cards, we have no charge offs in the recent history. As you can gather from our programs statistics, we believe Purdue Federal Credit Union has demonstrated our proven abilities in the commercial lending arena. It is also clear in the NCUA's research of Member Business Loans that credit unions across the country are doing a great job when it comes to underwriting, servicing, and collecting MBL's.

Over the past several years, we have applied for a number of NCUA waivers related to Member Business Services. The theory behind the current NCUA waiver process makes good sense; however, our biggest challenge with the waiver process is the time it takes to get approved, not to mention if NCUA requires more information or needs additional structure behind the waiver. The turnaround time in receiving the waiver eliminates Purdue Federal Credit Union from being able to assist our membership. There have been multiple deals we have lost or could not compete on because of the known 45 day waiver process. Most commercial real estate transactions have to close within 60 days of signing the purchase agreement. When you factor in approval time and receiving a completed appraisal, we are already about 30-45 days into the process before we can even apply for the waiver.

By eliminating the waiver process and instead policing policy and procedures, we believe NCUA will be able to better manage risk based on the strengths and weaknesses unique to each market and the individual institution. At Purdue Federal, we pride ourselves on being an "Asset Quality" driven institution. The proposed rule changes do not mean we are going to eliminate personal guarantees or make high loan-to-value debentures. Our lending philosophy will not change; however, the proposed



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changes will allow us to manage our membership and related risk factors in a timely manner that fits our “Asset Quality” focused mindset while still being flexible enough to meet membership needs when we can mitigate potential weaknesses.

While Purdue Federal Credit Union sees the proposed changes as great progress, there is one area of concern which center around the implementation period. The 18 month implementation period seems very long. Most of the proposed changes require revision to existing policy and procedures and not a complete overhaul. On the credit union side, it is our opinion the implementation period could be reduced to 12 months. This should allow ample time for policy and procedure revision as well as training.

Overall, Purdue Federal Credit Union agrees and commends all proposed changes. The changes will engage senior management and the board, make us accountable for our decisions, and most importantly, it will allow us to serve our membership more effectively.

We sincerely appreciate the opportunity to comment on NCUA’s proposed regulatory changes to Member Business Lending. Please contact me for clarification or further discussion at my direct line 765-497-7438.

Sincere Regards,

A handwritten signature in black ink that reads "Samuel L. Burns, VP".

Samuel L. Burns, Vice President
Member Business Services



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