



August 31<sup>st</sup>, 2015

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

Re: 15-EA-16 NCUA – Member Business Loans & Commercial Lending Proposal.

Dear Mr. Poliquin,

I am a Regional Branch Manager at Digital Federal Credit Union (DCU) and I appreciate the opportunity to comment on the proposed changes to Member Business Loans (MBL) regulations.

I have directly worked with MBL for 4 years and I fully support the changes to the current regulation as proposed by NCUA, however I would like to voice some of my concerns.

#### §723.2 – Definitions

- Loan-to-value ratio (LTV)

The regulation states: “...lesser of purchase price or market value for collateral held 12 months or less...”

The purchase price should only be part of the LTV calculation when the loan proceeds are used to purchase the collateral. In other scenarios the market value should always be used regardless of how long the collateral has been held. In case the “12 months or less” rule is kept, the definition should be expanded to include the purchase price plus the cost of any improvements made.

#### §723.5 Collateral and security

- The regulations states: “A federally insured credit union must require collateral...”

In many instances MBL may not require collateral based on the loan type and strength of the borrower. The best approach would be to start the paragraph stating that the credit union may make unsecured loans with proper documentation that sufficiently demonstrate mitigating factors to offset the risk. Then follow up with “if a borrower does not qualify for an unsecured loan then the credit union must require collateral.”



Thank you again for the opportunity to express my opinions regarding the changes to Member Business Loans & Commercial Lending Proposal.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomaz DeMoura', enclosed within a large, stylized, looped signature mark.

Thomaz DeMoura  
Regional Branch Manager  
Digital Federal Credit Union