

August 31, 2015

Sent electronically to: regcomments@ncua.gov

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Comments on Proposed Rule – Part 723, Member Business Loan – RIN
3133-AE37

Dear Mr. Poliquin:

My name is Angie Owens and I am the President and CEO of American Airlines Federal Credit Union (AAFCU). AAFCU is a federally chartered credit union headquartered in Fort Worth, Texas, with approximately \$6 billion in assets and more than 250,000 members located throughout the United States. While we currently offer member business loans, we have a very limited number of commercial member business loans.

I appreciate the National Credit Union Administration (NCUA) amending its member business lending (MBL) rule (Proposal) to provide federally insured credit unions with greater flexibility and autonomy by replacing the current rule's prescriptive requirements and limitations with a broad principles-based regulatory approach. The NCUA is removing many onerous business lending restrictions not mandated by the Federal Credit Union Act (FCU Act). As a consequence of this, credit unions will now be a more competitive lender in the commercial marketplace.

Board of Directors and Management Responsibilities

The Proposal would place the ultimate responsibility for a safe and sound commercial lending program on a credit union's board of directors. We believe that the board has the responsibility for governing a credit union, but we are concerned that this Proposal will require boards to be much more involved in the operational details of a credit union's commercial lending program.

We have a volunteer board where a majority of those directors have full time employment. We are concerned that the additional commercial lending responsibilities may cause boards to become overly involved in operations instead of being able to rely on management to execute the board approved policy.

Additionally, we support the elimination of the specific two-year staff experience requirement. We also appreciate being able to have multiple options to meet the experience requirement whether it is by training, hiring professionals or being able to hire third party CUSOs subject to certain requirements as outlined in the Proposal.

Collateral and Security

AAFUCU supports the Proposal that eliminates the personal guarantee requirement as it allows a credit union to effectively analyze and determine whether a personal guarantee is truly required for a particular loan. While we believe that a personal guarantee would be required in most instances, we commend the NCUA for allowing credit unions to make this determination and removing the prior inflexible regulatory blanket requirement. This will allow credit unions to effectively compete for commercial loans in those instances where credit unions were effectively disqualified from certain lending opportunities.

Prohibited Activities

We believe that it is not necessary to prohibit management or other officers of a credit union to receive a business loan especially if the loan would be within a credit union's established lending policy and meets sound underwriting. Currently, these employees are able to take out a mortgage or a car loan at a credit union. A blanket prohibition on these employees taking out an MBL from their credit union if proper safeguards are in place simply does not make sense.

Small Credit Union Exemption

We support an exemption for credit unions that hold a small number and amount of commercial loans. The Proposal, however, exempts a credit union from the risk management policy and infrastructure requirements only if the credit union has both assets less than \$250 million and total commercial loans less than 15% of net worth. While we strongly support the NCUA's goal of providing regulatory

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relief for small credit unions, we believe that the asset size threshold alone is not effective for determining the risk of a credit union with a *de minimis* number of commercial loans.

AAFUCU's MBL portfolio primarily consists of loans fully secured by a lien on a 1-4 family residential property that is not the borrower's primary residence. We grant less than ten commercial loans per year. We recommend making this exemption open to all credit unions through a *de minimis* commercial loan exemption which can be accomplished by removing the \$250 million asset requirement in conjunction with the 15% hard cap on the net worth limitation. In this way, larger credit unions that meet the other requirements of the exception would also participate in receiving regulatory relief.

Implementation

We believe that an 18-month delayed implementation period provided by the NCUA would provide enough time to implement the changes required in the Proposal. We would just request that to the extent that a credit union is able to comply with a final regulation sooner that it be allowed to do so.

Thank you for taking the time to review our comments. We have great appreciation for the knowledgeable and professional staff of the agency and its shared desire to ensure a safe, sound and competitive credit union industry for the members who depend on credit unions for their financial needs.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Angie Owens".

Angie Owens
President & CEO
American Airlines Federal Credit Union

cc: Cornerstone League
CUNA
NAFCU
Hon. John Cornyn
Hon. Ted Cruz