



August 18, 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,

On behalf of Digital Federal Credit Union I am writing to you regarding the 15-EA-16 NCUA Member Business Loan (MBL) proposal. I appreciate the opportunity to provide my thoughts and concerns with the proposed regulation changes as written. I fully support making the changes to the MBL regulations that give the credit unions flexibility and individual autonomy to safely and soundly provide commercial and business loans to our members. My only concern revolves around the definition of loan-to-value as it appears the NCUA is copying seasoning language normally used in residential real estate lending.

The proposal defines loan-to-value as “lesser of purchase price or market value for collateral held 12 months or less”. I believe that purchase price should be used for the loan-to-value only when the funds of a loan are used to purchase the collateral. The 12 month requirement should be eliminated as many commercial loans require improvements that should be factored in the market value of the collateral. If the collateral is already owned, even if only owned for less than 12 months, market value should be used in the denominator. By requiring business lending expertise in 723.3(b) management will know the risks of this situation and structure the loan accordingly.

Thank you for the opportunity to comment on this proposed regulation. The loan-to-value issue outlined above needs clarification and should be designed based on the unique characteristics of Member Business Lending. I respectfully urge the NCUA to address the recommendation outlined above. I commend the NCUA for proposing expanding the MBL rules to make it easier for credit unions to competitively lend to members.

Sincerely,

A handwritten signature in black ink that reads "Caleb J. Cook".

Caleb J. Cook  
Vice President of Mortgage Lending  
Digital Federal Credit Union  
ccook@dcu.org  
(508) 804-9195

