Allegacy
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August 19, 2015

Gerald Poliquin, Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Via email to: regcomments@ncua.gov

Re: Comments on the Proposed Member Business Lending ("MBL") Rule Amending Part 723

Dear Mr. Poliquin,

Thank you for the opportunity to be heard on behalf of the Management, Staff, and member-owners of Allegacy Federal Credit Union ("Allegacy"). While legislative changes to the Federal Credit Union Act are ultimately needed to raise the member business lending cap, the proposed rule constitutes an important step in the right direction. The proposed changes to the Member Business Lending ("MBL") rule will support the ability of Allegacy and other credit unions like ours to meet the business lending needs of our members and our communities. Such activities will, in turn, strengthen the credit union to help fulfill its broader mission.

Allegacy appreciates the efforts of the National Credit Union Administration ("NCUA") to more closely align its MBL regulation with the requirements outlined in the Federal Credit Union Act. By clarifying definitions of MBL and commercial lending activities and by implementing a dynamic MBL cap relative to capitalization requirements, the proposed changes would enable us to align our lending policies and concentration limits to reflect the financial and risk profiles of our organization individually. Further, the proposed rule will remove burdensome business restrictions that were not mandated by the Federal Credit Union Act. We agree that effective risk management with regard to portfolio concentration must be maintained, but believe that it should be undertaken by each organization based on the organization's unique attributes, with safety and soundness oversight by the NCUA.

The transition to a principles-based approach to credit underwriting would allow credit unions such as ours the needed flexibility to craft an MBL and commercial lending program which addresses the needs of our unique market, within the bounds of our individual capabilities and financial position. This flexibility, when exercised with caution, could enable credit unions to prudently fill a gap in the availability of credit to small- and medium-sized businesses in our market. The waiver process for certain regulatory requirements was very time-consuming and took away the management's ability to exercise its business judgment. We recognize that the elimination of the waiver process by no means absolves our organization from the expectation for effective, sound credit underwriting and monitoring practices. Rather, by defining the expectations for credit policy and procedure, we believe the proposed changes will challenge individual credit unions to intentionally and thoughtfully design a business-purpose lending program to meet its unique needs and capabilities. We are well able to meet this challenge.

One area that concerns Allegacy is the uncertainty surrounding the supervisory guidance for the new MBL rule. Without the supervisory guidance, we cannot fully assess the implications of the new rule. As such, we recommend the NCUA release and permit comment on the supervisory guidance it intends to issue. Because the proposed rule will require a more thorough examination of loans by examiners, it will be imperative the NCUA provide uniform training and guidance to examiners, and hold examiners accountable to apply that guidance fairly and consistently.

A sound and robust MBL and commercial lending platform, as supported by the proposed rule changes, would provide Allegacy the opportunity to optimize its existing investments in infrastructure, personnel, and resources, and would offer increased diversity in its asset base and revenue streams. All this, in turn, strengthens our ability to meet our broader mission of "helping members make smart financial choices."

We thank you again for the opportunity to be heard and encourage that the rule changes be approved as proposed.

Sincerely,

Cathy J. Pace
President & CEO

Brian K. Vannoy
Chief Credit Risk Officer