August 31, 2015

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

RE: Member Business Loans & Commercial Lending (12 CFR Part 723)

Dear Mr. Poliquin,

I am writing to you regarding the National Credit Union Administration's proposed rule governing Member Business Loans; Commercial Lending (MBL). I commend the NCUA for proposing to amend its member business loans rules to provide credit unions with greater flexibility in making commercial and business loans to their members.

Loan-to-Value

The proposed rule clarifies that the denominator of the loan-to-value ratio is market value for the collateral held longer than 12 months, and the lesser of the purchase price and the market value for collateral held 12 month or less. If the collateral is already owned, even if owned for less than 12 months, market value should be used as the denominator. I believe the intent of the NCUA is to prevent valuing collateral at an appraisal amount if the business buys it at a discount. Or refinancing the collateral within a year without an improvement to the asset. By requiring business lending expertise as outlined in 723.3 management will know the risk of the situation and act accordingly.

Collateral and Security

As outlined in 723.5, the current prescriptive limits and requirements related to collateral have been eliminated and replaced with the fundamental principle "commercial loans must be appropriately collateralized." As outlined later in 723.5 unsecured loans can be made when additional risk is offset by appropriate risk mitigants. I recommend that NCUA modify the language to state that the credit union can make unsecured loans with proper reasoning and documentation.

Thank you again for the opportunity to comment.

Sincerely,

Debbie Taverna

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