

VIRGINIA
UNITED
METHODIST
CREDIT UNION



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W W W . V U M C U . O R G

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National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Reference: Comment Letter on the Proposed Changes to NCUA's Member Business Loan Rule

To Whom It May Concern:

As a supporter of the proposed changes to NCUA's member business loan rule, the Virginia United Methodist Credit Union congratulates the administration on its attempt to modernize the rule.

Transitioning from a prescriptive rule to a principle-based rule makes room for each credit union to respond more appropriately to the unique needs of each member applying for a member business loan. Eliminating the long-standing, one-size-fits all approach is beneficial for the credit union, the member and the financial health of the credit union movement.

Virginia United Methodist credit union has been providing member business loans (almost exclusively to churches), for over fifteen years. Without merit, the banking industry continues to challenge the expertise of credit unions to properly originate and service these loans. This proposed rule recognizes the credit union's proficiency in providing the products and services our members need, as well as the credit union's ability to do so with great professionalism and prudence. The personal relationships many members have with their credit unions facilitate an environment of mutual trust and respect. This type of relationship with a borrower goes a long way in helping the member be successful. Successful businesses create jobs and contribute to a sound economy.

The proposed rule also allows credit unions to expand their capacity to purchase non-member commercial loan participations without jeopardizing their MBL cap. This allows credit unions to support one another in a profitable and tangible way that also directly benefits the member. Credit unions that are approaching their MBL cap are reluctant to purchase loan participations because of their concern that if they do, they will not have the room left in their MBL cap to respond to their member's needs. Loan participation makes it possible for credit unions to still make those loans while still serving their member as the lead lender.

I urge NCUA to move forward with the proposed rule as written.

Sincerely,

James R. Eads
Chief Executive Officer