August 31, 2015

Community Business Lenders

Building Stronger Communities
One Business At A Time

National Credit Union Administration
Attn: Mr. Gerard Poliquin, Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

Via email: regcomment@ncua.gov

Re: Comment to the Proposed Amendments to the NCUA's MBL rule

Dear Mr. Poliquin,

Community Business Lenders, LLC was formed in 2005 to provide underwriting, documentation, and loan servicing to Iowa credit unions. The entity was owned by the Iowa Credit Union League and two credit unions and provided MBL services to 68 Iowa credit unions. In 2012, ownership was broadened to include more than 40 credit unions with a new entity formed to consummate the transition to Community Business Lenders Service Company, LLC. The large number of credit unions that invested in our company underscores the importance of member business lending both to credit unions, their members, and communities they serve.

On behalf of our owners and participating credit unions we serve, I want to commend the NCUA for addressing a number of issues in the current MBL rule that have prevented credit unions from competing for MBLs in Iowa. These changes will allow credit unions to better serve their members. Movement from the current prescriptive approach to a more comprehensive, principle based approach allows for credit unions, while continuing to operate in a safe and sound manner, to assess the risk profile of a prospective deal and appropriately structure loan terms and conditions.

Specifically, the proposed changes to the personal guaranty requirement and collateral and security requirements will improve the competitiveness of credit unions in the member business lending space. Presently, loans with characteristics and structure that merit a non-recourse structure or loan amounts higher than current, prescriptive levels are not funded by Iowa credit unions. While the current waiver process provides an avenue for credit unions to pursue, in today's very competitive marketplace, rarely will a borrower standby for 90 days while the waiver process is completed.

We do appreciate the opportunity to provide feedback on a couple of provisions of the proposed changes:

Section 723.7© Conflicts of Interest

This section of the proposed regulation restricts a third party that is providing business loan services to one or more credit unions from receiving compensation which is contingent upon the closing of a loan.

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Current policy and procedure require credit unions to perform vendor due diligence on any third parties. Further, the MBL rule explicitly states..."the actual decision to grant a loan must reside with the credit union." The credit unions currently must monitor and manage third party relationships. The fees and payment terms and conditions should be left to the credit union and their vendor(s) to negotiate. Fees payable at closing are frequently structured as they represent the culmination of the work product. At a minimum, Credit Unions Service Organizations (CUSOs) should be exempted from this provision as they are generally credit union owned with interests of the CUSO and credit union in alignment.

Many of the credit unions we serve have less than $100 million in assets and would not be able to have MBL earning assets on their books without engaging with Community Business Lenders Service Company, LLC.

We work on behalf of our owner credit unions, the same financial institution that participate in loans we're underwriting. As the CUSO is the collaborative extension of its owner/users, we would not risk gaining short term profits versus the long term best interests of our owner/users.

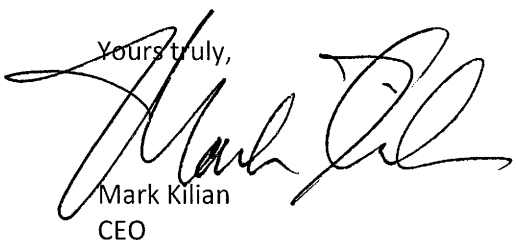
Aggregate Member Business Loan Limit; Exclusions and Exceptions – Section 723.8

This proposed section states that in order for a loan participation interest to be excluded from the calculation of the aggregate loan limit it must be without recourse and qualify for true sales accounting treatment under GAAP. Our concern regarding this approach is that a true sales analysis is a very costly and time consuming item. A valid opinion, either legal or in accordance with GAAP, is very impractical to initiate on a case-by-case basis. It is often very difficult to get a lawyer or accountant to opine on true sales. It involves accounting issues, bankruptcy implications and state specific legal insolvency laws. We do not see why this accounting issue has to be tied to the regulatory issue, especially given it is so problematic and impractical to implement. We recommend keeping the "without recourse" requirement and deleting the "true sale" requirement, or at least clarifying that NCUA is not requiring GAAP Sale Treatment "opinions."

We would urge the NCUA to accelerate its timetable for implementation of these rules for credit unions that are prepared and positioned to comply. Absent an accelerated schedule, we would recommend a streamlined waiver approval process be put in place during the period of transition.

Once again, thank you for the opportunity to provide feedback on the proposed rule change and efforts by the agency to improve the MBL rule.

Yours truly,



Mark Kilian
CEO