

August 31, 2015

National Credit Union Administration
1775 Duke St.
Board Secretary
Alexandria, VA 22314

RE: Comments on Proposed Rulemaking for Part 723; RIN 3133-AE37

Dear Gerard Poliquin,

I am writing on behalf of Alabama Teachers Credit Union with just over \$255m in assets and serving 22k members of N.E. Alabama. Although there are still some unanswered questions, I want to thank the National Credit Union Administration (NCUA) for its efforts to modernize the current Member Business Loan Regulations and for the opportunity to offer input on these proposed amendments.

If applied correctly by each credit union, the proposed principle based rule should allow more autonomy to establish philosophy, risk tolerance, safety & soundness benchmarks, etc. for each respective organization. Instead of one size fits all, this business model should allow said credit union to properly identify and serve the member business needs of its respective communities / fields of membership without putting that credit union at undue credit risk.

Due to the subjective nature of business lending I hope ongoing in house training for credit union personnel as well as the additional training for field examiners can be comprehensive and align accordingly so as to protect the credit union and benefit the business member. We have a good working relationship with our field examiners however, conversations surrounding our member business portfolio often require very detailed and specific discussions. My desire is to hopefully implement this principle based philosophy and be regulated based on safe/sound lending principals while maintaining the ability to serve the varying needs of business members.

Like many, I also have concerns as to regulator expectations to the "oversight" of this proposed philosophy at the board of directors level. I hope these new regulations can be interpreted and executed with thorough understanding & consistency that will not cause undue governance or other concerns from boards of directors.

I hope to obtain a more detailed understanding of the Member Business Loan versus Commercial Loan definitions but overall feel this will provide much needed flexibility.

The process and extent of specific policies and procedures should align with the complexity of each credit union, its risk tolerance and its member business departments vision. The principal based model proposes to allow this

to vary by credit union and hopefully can be a give and take process as long as safety and soundness is not compromised.

Our credit union is fortunate in that we have had several waivers in place for years which we are thankful for. However, we spend significant time each year compiling information in an effort to keep these waivers in place. Although this has not been the case, we operate somewhat under the fear of impact to members if we were to ever lose some of these waivers. Would we jeopardize reputation in our market areas based on potentially moving business relationships then losing the ability to serve these relationships further due to possibly a waiver that has been removed.

We feel we have developed an accurate and robust credit risk rating system that has been effective for years. We continue critiquing this area and in an effort to expand and/or make this process even more accurate. Regardless of proposed changes we feel this is a critical area for any credit union choosing to make member business loans in an ever changing environment.

In closing, again I thank NCUA for its efforts as I feel an effective MBL program can not only serve unmet financial needs of business members but can positively impact the communities served by these businesses and our credit unions.

Sincerely,

Ron Summerall
President & CEO
Alabama Teachers CU

cc: CUNA, CCUL