

From: [Victoria King](#)
To: [Regulatory Comments](#)
Subject: Victoria King - Comments on Proposed Rulemaking for Part 723
Date: Tuesday, September 01, 2015 12:52:40 AM

Gerard S. Poliquin, Secretary of the Board
National Credit Union Administration

Board Secretary Poliquin,

I am writing on behalf of Rivermark Community Credit Union (Rivermark), which serves members in 11-Oregon counties. We have 73,000 Members and \$660 million in assets. Rivermark appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to the member business lending (MBL) regulation. We support NCUA's efforts to modernize the MBL regulation, which would give credit unions much needed flexibility in running an MBL program.

The proposed rule would switch from a prescriptive to a principles based MBL regulation. This change modernizes the regulation by giving credit unions flexibility to develop MBL programs to best fit their members' needs. A principles based regulation in some instances can complicate the running of an MBL program for credit unions, as management and boards of directors will bear a greater responsibility in developing and maintaining an MBL or commercial lending program that is safe and sound. Having a developed and growing MBL program, we think the priority is serving our members with safe and sound lending practices and will be prepared to support our business lending decisions in our examinations accordingly.

We recognize the correction of defining commercial loan versus member business loans for safe and sound lending practices. However, we have concerns that the addition of the commercial loan definition will add reporting burden to credit unions offering business loans. The on-going reporting of MBL and Commercial loans through 5300 reporting will be of concern for Rivermark.

We also support the adjustments in the MBL calculation. Unfortunately, the statutory lending cap remains in place, but we support NCUA removing the 12.25 percent shorthand calculation as it is not required by the Federal Credit Union Act (FCU Act) and only an added complication to the rule. The proposed calculation meets the FCU Act's requirements while removing an unnecessary provision.

The current member business rule has many requirements that necessitate obtaining a waiver, even though they are not mandated by statute. This adds unnecessary burden to credit unions making commercial loans. Rivermark has declined participations and been overlooked by borrowers, based on the prescriptive regulations that would require waivers, in the past. The proposed rule would remove all of the requirements necessitating waivers and thus eliminate the need for waivers. This represents a major regulatory improvement that we fully support.

State Regulation: As an Oregon state-chartered federally-insured financial institution, Rivermark has a vested interest in the transition alternatives presented for states with NCUA Board Approved MBL rules. State-specific MBL rules allow the state supervisory authorities to interpret a rule differently from the way that the NCUA interprets a section of a rule, even if the rule is substantially the same as the NCUA rule. We recommend adoption of Option C: permitting State Supervisory Authorities (SSA) that currently administer a state MBL rule to preserve their rules and allowing SSAs to submit such rules as they conform to current part 723.20(a).

Again, we support the NCUA's efforts to modernize the MBL rule. Thank you for the opportunity to comment on this proposed rule and for considering our views.

Victoria King

Business Services Manager | [Rivermark Community Credit Union](#)

P: 503.906.9499 | F: 503.906.9499 | rivermarkcu.org