



1201 Wayne Street
206 North Clark Street
Olean, New York 14760
716-372-6607
800-854-6052
Fax 716-372-8119
www.oleanareafcu.org

August 25, 2015

Mr. Gerard Poliquin
Secretary to the NCUA Board
1775 Duke Street
Alexandria, VA 22314

AUG31'15 AM11:34 BOARD

Re: Comment Letter on the Proposed Amendments to NCUA's MBL Rule

Dear Mr. Poliquin,

The Olean Area Federal Credit Union appreciates the opportunity to comment on NCUA's Notice of Proposed Rulemaking for 12 CFR Part 723 regarding potential changes to the Member Business Loan regulations. We thank the NCUA Board for developing these proposed changes to the regulations which will assist us in serving our business members with their borrowing needs.

Our Credit Union is a low income designated credit union and we started our Business Lending Program in 2004. We operate a conservative program and we were quickly approved to participate in the SBA Guaranty program in December, 2004. Also, we were granted a waiver for the 12.25% MBL cap. Our cap is 20%.

We wish to comment on the proposals that we feel will help our Credit Union.

As a business Lender, I appreciate the change in the two-year experience requirement. In a small area, we have opportunities to lend to many different types of borrowers. Credit Unions and Commercial Lenders in Metropolitan areas are able to lend to a few certain types of borrowers. As a side note, this leads to concentration risk. Experience commensurate with specific loan underwriting and portfolio risk will certainly assist. Our Credit Union has also made sure that certain senior level executives who are not directly involved in commercial loan originations, understand the Commercial Lending Program and the loans held by our Credit Union.

Collateral and Security-Requiring collateral "commensurate with the level of risk associated with the size and type of any commercial loan" will certainly assist our Credit Union and our members. We have not been able to assist our members or compete with area Banks when the business was purchasing equipment or commercial vehicles. It is unusual in our area, for businesses to have a down payment of 20% when purchasing these items. Waivers have been available; however, normally the businesses could not wait for a waiver to purchase the equipment or could not wait to order the equipment. Our only waiver granted was when a member had applied for a large truck and the borrower was investing 17%. That 17% equated to approximately \$50,000. That borrower accepted a loan at a local Bank in order to purchase the truck the next day. We applied for, and we were granted, a waiver to offer loans up to 100% loan to value for future loans to that business. **We would appreciate any assistance you can offer with moving up the 18-month timing for this part of the Rule.**

We have had minimal loan opportunities where we would not require personal guarantees. It will be good to have the availability to offer a loan without a personal guarantee for a high quality borrower, in case the opportunity arises.

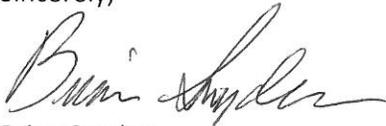
We would recommend that limited guarantees be approved for our use. This would be used in certain cases where multiple individuals own a business and the guarantees would be proportionate to the ownership.

Unsecured Lending-Removing the regulatory cap for unsecured MBLs will certainly assist us; however, our Credit Union has been very cautious with this type of lending. Our policy cap will be very conservative and in many cases these loans will be partially secured.

Prepayment Penalties-I highly recommend that you add the ability for Credit Unions to charge a prepayment penalty for Commercial Loans. In a declining rate environment Borrowers often refinance for a better rate. This could result in a loan paid off by another financial institution, prior to the time necessary to recoup the costs of originating the loan.

Thank you for the opportunity to provide this input and if you have any questions, please contact me at 716-372-6607, Ext. 125.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Snyder". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian Snyder
Chief Executive Officer