



Michael Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions
22 Inverness Parkway, Suite 200
Birmingham, AL 35242

Gerard Poliquin
Secretary of the Board,
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314-3428

Re: Interagency Guidance on Credit Risk Review Systems [RIN 3123-AF05]

12/16/2019

To Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on Credit Risk Review Systems. We appreciate the efforts of the agencies to update their topical guides to conform with the upcoming implementation of the CECL provisions. The LSCU is a trade association that represents 339 credit unions in Alabama, Georgia, and Florida with nearly \$120 billion in total assets and approximately 10 million members. Our mission is “to create an environment that enables credit unions to grow and succeed.”

We find the updated guidelines reasonable and, from our observation, most credit unions’ credit risk review systems already generally follow this guidance. However, we will note that credit unions are often distinct in their operational practices, so it is possible a credit union may be monitoring, reviewing, adjusting, and mitigating its credit risk in ways not contemplated by this guidance. We think NCUA should accommodate those credit unions that are effectively managing credit risk in a unique way.

We ask that NCUA also keep in mind the circumstances facing smaller credit unions. Credit unions with less in assets may not have sophisticated systems to measure risk. They may have limited staff qualified to approve and review loans and may be financially hard-pressed to hire third parties to



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perform independent evaluations of their loan portfolios. What's more, smaller credit unions often have more intimate relationships with their members, and, therefore, can make particular judgements on the risks lending to their members may pose. We hope the NCUA will be flexible with these guidelines in regards to our smaller credit unions, while still maintaining an appropriate level of vigilance in monitoring their credit risk.

We appreciate this updated guidance by NCUA and the other regulators. Again, our observation is that the guidance is generally in line with the practices of our credit unions, but we urge NCUA to consider the unique underwriting and loan monitoring practices of some credit unions along with the hardships some of the practices endorsed by this guidance will have on our smaller credit unions. Please let me know if you have questions on this or if we can assist NCUA in further educating our credit unions on this guidance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lee", is written in a cursive style.

Mike Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions and Affiliates