

June 9, 2005

Ms. Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: MBL Lending Rules Comments

Dear Ms. Rupp:

Our \$114 million community credit union is pleased to comment on the proposed pending changes in "Member Business Lending."

We have been actively involved in member business lending for the past two years, and have grown our small business loan portfolio to \$6 million, almost 10% of our total loans. Real estate, service vehicles, or marketable securities secure all of those member business loans. Our business lending team brought more than 30 years of commercial lending experience from other financial institutions, which has helped us excel in this endeavor.

By the end of 2005, we anticipate being very close to maximizing our business lending potential under the current 12.25% limitation. Additionally, we are utilizing the Small Business Administration 7-A Guarantee program, which provides some additional lending capacity.

In our marketplace, we have identified under-served small business segments that warrant further extension of credit. Without an increase in the limit, we may be forced to turn away valid loan requests from sound local small businesses.

Alliance Credit Union strongly endorses raising the lending limit from 12.25% to 20%.

Issues concerning the financing of MBL fleet vehicles are also very relevant to our business member base. We are currently financing "fleet" service vehicles for four different small businesses. Limiting the Loan-To-Value (LTV) to 80% for "fleet" vehicles places credit unions at a competitive disadvantage, especially when facing the captive financing units of auto manufacturers. If a company has a strong balance sheet and good income statements, we believe 100% financing is

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not only warranted but necessary in order to remain competitive in an ever more challenging business environment.

Alliance Credit Union made 100% LTV "fleet" loans to small businesses for well over a decade. We had to stop this practice, even though we had never had a single loan default, when NCUA's business lending regulations were adopted by the Missouri Division of Credit Unions.

Alliance Credit Union recommends the maximum Loan-To-Value on MBL fleet vehicles be 100%.

We are submitting our comments to you since regulations adopted by the NCUA are frequently modeled by state regulators. We appreciate the opportunity to comment on the proposed regulatory changes, and commend you for seeking wide-spread input.

Sincerely,



Dennis Sommer
President and CEO

Alliance Credit Union Board of Directors
Sandra Branson, Director – Missouri Division of CUs
Rosie Holub, President - Missouri Credit Union Association