



## MEMORANDUM

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**To:** National Credit Union Administration (NCUA)  
**From:** SELCO Community Credit Union (MBS Program)  
**Date:** 7-23-08  
**Re:** **Proposed rulemaking on MBL and requesting for comment**

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### Background-

SELCO Community Credit Union (MBS program) was established in 2003 to support the growing demand for business services to our members. During the last five years MBS has grown its commercial leading portfolio to over \$82M. MBS has been through multiple state examinations, all which have been satisfactory. With over 68 combined years of financial experience from the commercial officers, MBS has a strong and well established base to make sound decisions when it comes to lending to business members.

Comments regarding the below MBL changes:

#### 1. Loan-to-Value Ratio Requirements and Unsecured MBLs

- SELCO believes that the LTV position should be maintained at 75% for C & D type loans. If a credit union wants to exceed these limits then they have the option to pursue NCUA waiver provision.
- SELCO believes that Unsecured MBLs should be increased to the lesser of \$100,000 or 2.5% of a credit union's net worth and all unsecured MBLs may not exceed 10% of net worth.

#### 2. Experience Requirement and CUSO Activities

- SELCO supports the two year requirement to be a minimally adequate standard at this time.
- We recognize the role that CUSOs play in assisting other credit union's that may otherwise lack sufficient MBL experience. A key issue remains the competency and oversight of the CUSO.

### 3. Loan Participations

- Perhaps the NCUA could establish a panel board to review loan participation activities that address these issues or concerns about the requirements of loan participation. A hot line or point of contact to help facilitate these activities might be helpful.
- Centralize loan participation where credit unions can join together and have a centralized group monitor the activities. This would keep the transaction at arm's length and allow the group a wider base knowledge of the rules and regulations regarding participations.

### 4. Waivers

- SELCO has made use of appropriate waivers in the past and believes that they serve an important role in the servicing of our business members.
- Possible improvement would be to simplify the waiver application and the approval process.

### 5. Degree of Regulatory Limits

- The existing MBL limit of 12.25% of total assets presents a significant competitive disadvantage for credit unions in the financial market place. We strongly encourage NCUA to pursue an increase in this limit and not use this as a bargaining tool in the future.