



July 27, 2015

Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandra, Virginia 22314-3428

Re: NCUA Proposal to Expand Member Business Loans – Part 723

Dear Sir:

This letter provides my thoughts and concerns regarding the NCUA's efforts to expand the business lending capabilities of the tax exempt Credit Union industry. Thank you for the opportunity to express my concerns.

First, this appears to be an action on the part of the NCUA to provide expanded business lending regulations, when the U.S. Congress has specifically declined to expand this same authority. Does the NCUA feel it can act to expand the capabilities of the tax exempt credit union industry regardless of Congressional intent and action?

Shelby Savings Bank is a medium size (\$260,000,000) community bank located in rural East Texas. We are actively involved in our communities and provide all types of real estate, consumer and commercial loans. There are credit union competitors in nearly all of our communities. We have no problem with "traditional" credit unions that have remained true to the original intent and definition of "common bond". However, the "non-traditional" credit unions who have expanded both membership and powers far beyond the original intent of the tax exempt charter are a different matter. Recently, it appears the NCUA is acting more as a promoter of expanded powers for this segment of the industry than as a regulator charged with the safety and soundness of the industry. These actions cause us great concern.

We believe the NCUA's proposal has serious safety and soundness issues. The Administration's history as a regulator of institutions making business loans does not generate confidence in its abilities. At least five credit unions have failed since 2010 due to poorly structured and operated business loan programs. These institutions accounted for approximately 25% of the losses to the insurance fund during this time period. During this same time, member business loans were the primary or secondary factors for supervisory concern at nearly one half of the credit unions with regulatory

ratings of three or worse. Originating and maintaining business loans successfully takes experienced loan officers and management. It also takes an experienced regulator to supervise those institutions. Based on the industry and NCUA's experience with business lending, expanding this authority appears to be contrary to NCUA's responsibility to protect the industry's insurance fund. This places the taxpayers (which the industry is not one of) at risk.

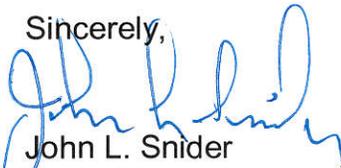
We also believe the NCUA is seriously overstepping its regulatory reach and using business lending loopholes to do so. Congress has specifically instituted limitations on credit union business lending to insure the industry continued to fulfill its mission of meeting the credit and savings needs of consumers, especially those persons of "modest means". As mentioned previously, this proposal appears to intentionally ignore congressional intent.

Shelby Savings Bank actively serves our local business community. We have over thirty years supporting and financing local business. Being in a rural area of the state, many of our business requests are not straight "cookie cutter" loans that fit neatly into an underwriting box. We have to know our customers, their abilities, character and willingness to work when times get tough. We have that knowledge and expertise. It also takes state and federal regulators who understand this side of the business and can make accurate calls on safety and soundness issues. Both our state and federal regulators have that level of experience and capability.

Our country has recently come through a time of financial turmoil and difficulty. While the overall financial condition is looking better there are still issues facing us. This is not the time for a federal regulatory agency to act, potentially outside its authority, by expanding powers of its regulated entities. Especially, when neither the industry nor the regulator may be capable of managing the expanded powers. The risks are just too great.

Again, thank you for the opportunity to express my thoughts and opinions on this issue. I look forward to your response concerning these matters.

Sincerely,



John L. Snider
Vice Chairman / CEO

cc: Senator John Cornyn
Senator Ted Cruz
Congressman Louie Gohmert