Bank
OF ANN ARBOR

AUG25'15 PM 1:42 BOARD

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

August 18, 2015

Mr. Poliquin:

I wanted to take this opportunity to respond to your recent proposal. **NCUA's proposal to expand credit unions' business lending cap poses serious safety and soundness concerns.** NCUA has not established that it is prepared to supervise institutions with expanding business loan portfolios, and the credit union industry has proven ill-equipped to make such loans.

Relaxing the regulatory standards is contrary to NCUA's charge of protecting the industry's insurance fund, and effectively places the taxpayer at risk. NCUA is willfully ignoring lessons from their history and encouraging credit unions to divert funds from consumer lending to commercial lending. Consider expanding on the impact of allowing an ill-prepared lender into a new market and what could occur in an economic downturn if these loans are not properly underwritten, especially given the rule's liberal allowance of loan participations could cause bad loans to be syndicated broadly.

NCUA is overstepping its regulatory reach by expanding business lending loopholes. This proposal is contrary to congressional intent to limit business lending by credit unions. In 1998, Congress made it clear that credit unions should be focused on consumer lending, not commercial lending. Congress instituted restrictions on business lending deliberately: "to ensure that credit unions continue to fulfill their specified mission of meeting the credit and savings needs of consumers, especially persons of modest means, through an emphasis on consumer rather than business loans." By proposing this rule, the NCUA Board has blatantly disregarded congressional intent. NCUA should not undermine specific limitations by Congress nor expand the taxpayer liability.

Thank you for affording me this opportunity to provide you with input on this proposal.

Sincerely,

Patti Judson
Executive Vice President and
Chief Operating Officer

cc: Congresswoman Debbie Dingell
Senator Debbie Stabenow
Senator Gary Peters

125 SOUTH FIFTH AVE., ANN ARBOR, MI 48104 • TELEPHONE 734-662-1600 • FAX 734-662-0934