



**TIMOTHY J. ABELL**  
President

August 25, 2015

Via email to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Gerard S. Poliquin  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: *Member Business Loans; Commercial Lending* Proposed Rule Issued by the National Credit Union Administration (RIN 3133-AE37)

Dear Mr. Poliquin,

Thank you for the opportunity to comment on the National Credit Union Administration's proposed rule regarding member business loans and credit unions' commercial lending authorities. I am the President of Firsttrust Savings Bank, a community bank in the Philadelphia region with \$2.5 billion in assets. Firsttrust is a family-owned bank that has been serving its customers for over eighty years. For at least the past twenty years, Firsttrust has supported its community by focusing on commercial and small business lending.

I write today to express concerns that many here at Firsttrust have regarding the proposed expansion of credit unions' commercial lending authorities. Foremost among these concerns is that the expansion of the commercial lending authority is both contrary to statute and unsupported by adequate credit oversight and analysis capabilities. When Congress passed the Credit Union Membership Access Act, its intent was for credit unions to focus on their mission of serving consumer credit needs. Congress displayed this intent by establishing a limit on the amount of member business loans that a credit union could permissibly make. By removing loan participations from the scope of the "member business loan" definition, the NCUA is effectively rulemaking in opposition to Congress's intent. Credit unions should not be permitted to accumulate a greater proportion of commercial and business assets simply because such assets were originated by a third party.

Compounding this increased exposure to business and commercial loan assets are the NCUA's proposals to reduce the required equity interest held by business loan borrowers, to remove the requirement for the guarantee of the principal, and to alter minimum loan-to-value ratios, among other credit-related changes. All of these factors are important to the safety and soundness of credit unions, and their removal will encourage credit unions to make riskier business loans. Firsttrust is of the opinion that the systemic risks posed by loosening credit standards and increasing credit union business lending authority are unjustified.

Currently, the lending needs of businesses in this market are not underserved as there are many community banks like Firsttrust that are willing and capable of servicing their needs. It is our belief that small business are best served by lenders that can provide continuity of contact and who have a depth of experience and knowledge that, generally speaking, is not matched by credit unions that are better suited to consumer lending.

I would again like to thank you for the opportunity to comment on the NCUA's proposed rule regarding member business loans and credit unions' commercial lending authorities. I urge the NCUA to reconsider exempting participations from the definition of "member business loan" and relaxing the current credit standards applicable to member business loans.

Sincerely,



Timothy J. Abell  
President

cc: Senator Bob Casey, Jr., Pennsylvania  
Senator Pat Toomey, Pennsylvania  
Senator Cory Booker, New Jersey  
Senator Bob Menendez, New Jersey  
Representative Brendan Boyle, 13<sup>th</sup> District of Pennsylvania  
Representative Chaka Fattah, 2<sup>nd</sup> District of Pennsylvania  
Representative Charles Dent, 15<sup>th</sup> District of Pennsylvania  
Representative Michael Fitzpatrick, 8<sup>th</sup> District of Pennsylvania  
Representative Patrick Meehan, 7<sup>th</sup> District of Pennsylvania  
Representative Tom MacArthur, 3<sup>rd</sup> District of New Jersey