

THE FIRST NATIONAL BANK

PO BOX 160 LE CENTER, MN 56057
Phone: 507-357-2273 Fax: 507-357-6687



PO BOX 88 KILKENNY, MN 56052
Phone/Fax: 507-595-2273

AUG25'15 PM 1:39 BOARD

August 17, 2015

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

RE: Comments on Proposed Rulemaking for Member Business Loans, Part 723.

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration today to urge you to withdraw the proposal to "modernize" the NCUA's member business lending regulation.

The First National Bank of Le Center, has served our area since 1903, and my father and grandfather have sat at the helm of this organization through the good times, and also through some of the toughest times in history. Our philosophy has been to keep as much capital as we can to weather any storm.

In the name of regulatory relief, the NCUA is expanding the ability of credit unions to make commercial loans in ways that were never approved by Congress. Despite attempts to pass legislation increasing credit unions' commercial lending authority, Congress has repeatedly rejected those attempts because additional commercial lending authority is inconsistent with the credit unions' tax exempt mission. The NCUA should not grant powers that Congress has regularly rejected.

Credit unions are membership-based organizations. They should focus on serving the needs of their individual members, and especially on individuals of modest means. This proposal gives credit unions the explicit authority to make non-member business loans. Why should credit unions be able to serve anyone outside their defined membership? That makes no sense for a membership-based organization. It is especially egregious that credit unions would have the authority to serve business entities that have no affiliation with the credit union. Not only can they serve them, the loans to these unaffiliated businesses do not even count toward the credit unions' Congressionally-mandated business lending cap. NCUA, with this proposal, you have gone too far.

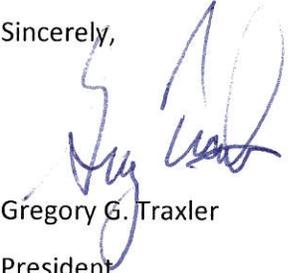


This proposal is contrary to congressional intent to limit credit union business lending activity. In 1998, Congress instituted the credit union commercial lending cap, making it clear that credit unions should be focused on consumer lending, not commercial lending. The cap was put in place "to ensure 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 disregarded Congress's clear intent.

Over time, some credit unions have remained true to the original credit union model. They continue to have a tight common bond, and they continue to focus on serving the credit needs of individuals, and especially people of modest means. Other credit unions have become massive institutions serving wealthy people and corporations. I applaud the organizations that have kept to their mission. They have every right to continue helping their members.

Please don't allow the ones who are obviously circumventing the rules as designed by congress to continue to do so. I believe, just like anything else, the ones who continuously go beyond the mandates and bring the Credit Unions closer to plain old banks, will ruin it for the ones who abide by the rules. It happens all the time.

Sincerely,



Gregory G. Traxler
President