

F&M BANK

4000 First Avenue NE, Cedar Rapids, IA 52402

"The Right Choice"

August 17, 2015

AUG25'15 PM 1:38 BOARD

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 President of a \$500 million locally owned community bank located in both Eastern Iowa and in the Twin Cities Metro market. We have offices in nine different communities and focus primarily on agricultural and business relationships. 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.

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.

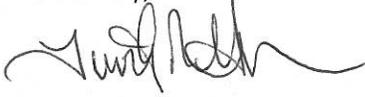
Credit unions receive tax and regulatory advantages because they once served "people of modest means." If the benefit of tax-advantaged credit is supposed to support low- and moderate-income individuals, why would the NCUA continue expanding lending opportunities to commercial entities? Instead, the NCUA should work to ensure that credit union branching patterns, product offerings and advertisements support their tax exempt mission of serving low- and moderate-income people. The taxpayers subsidizing the credit union industry should get a better return on their subsidy. Giving tax-advantaged credit to corporations is poor public policy, which is why Congress repeatedly denied the credit union industry's requests.

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. These credit unions are following the original intent and in my opinion should continue their mission. Other credit unions have become massive institutions serving wealthy people and corporations. The problem is every credit union continues to enjoy their tax

exemptions, even though many of them are no longer true to the original credit union mission. There are many examples, but the California credit union that recently committed to paying \$120 million for the naming rights on a professional basketball arena is a great example of how the credit unions abuse their tax advantages.

Thank you for taking time to read and consider my comment letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy R. German", with a long, sweeping flourish extending to the right.

Timothy R. German
President
F & M Bank