From:	Mike Grove
To:	_Regulatory Comments
Subject:	FW: Michael Grove--Taxpayer subsidized expansion of commercial lending for Credit Unions
Date:	Tuesday, July 21, 2015 5:27:53 PM

Michael E. Grove

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"Oldest Bank in Montana"

From: Mike Grove
Sent: Tuesday, July 21, 2015 2:58 PM
To: 'mailto:regcomments@ncua.gov'
Subject: Michael Grove--Taxpayer subsidized expansion of commercial lending for Credit Unions

I am writing today to strongly object to an recent audacious proposal by the National Credit Union Administration to dramatically expand credit unions' business lending.

The NCUA is overstepping its regulatory reach by expanding business lending loopholes.
The 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 insure the credit unions continue to fulfil their specified mission of meeting the credit and savings needs of consumers, ESPECIALLY PERSONS OF MODEST MEANS, through an emphasis on consumer not business loans". By proposing this rule the NCAU Board has blatantly disregarded congressional intent. NCAU should act like a regulator not a cheerleader and quit undermining specific Congressional limitations.

The NCAU proposal poses serious safety and soundness concerns.
NCAU has not established that it is prepared to supervise institutions with expanding business loan

portfolios and the credit union industry has proven to be ill-equipped to make such loans. At least five credit unions since 2010 have failed at the hands of poorly run business loan programs which accounts for a quarter of all losses to the insurance fund during that period. Losses could quickly multiply under this proposed rule.

This proposal has other very serious safety and soundness concerns

1. Widens loopholes to the member lending cap by "clarifying" that non-member business loan participations do not count towards the statutory cap and by eliminating regulatory oversight of the concentrations of these loans. This will not only allow, but encourage, credit unions to enter into more multimillion-dollar commercial lending deals.
2. Make the statutory cap meaningless by allowing certain credit unions to exceed the member business loan statutory authority. If both the proposed business lending and pending capital rules are adopted as proposed, the statutory cap could nearly double without Congressional approval.
3. Removes important safety-and-soundness checks and balances by eliminating the requirement for personal guarantees, loan-to-value limitations and collateral requirements. This encourages credit unions to divert resources to financing large commercial enterprises while relaxing the safety and soundness regulations associated with such loans.

Finally this all comes while credit unions continue to be tax exempt.

Congress gave the favorable treatment to credit unions so that they could make consumer credit available to people of modest means at low interest rates. Allowing credit unions to make commercial loans even at the present limits should be taxed.

Sincerely
Michael Grove

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