From: Alan Emshoff
To: _Regulatory Comments
Subject: Comments on Proposed Rulemaking for Member Business Loans, Part 723
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Gerard S. Poliquin
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I am writing to express my opinion regarding the proposal to allow credit unions from entering the commercial lending arena as I feel that the safety and soundness issues posed by this proposal of allowing credit unions to enter into commercial lending a is an overreach by the NCUA. In addition, bank's have a stellar record of serving their small business customers' needs.

The NCUA's proposal poses safety and soundness concerns as the 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. At least five credit unions since 2010 have failed at the hands of poorly run business loan programs, accounting for a quarter of all losses to the insurance fund during that period. In 2010, member business loans were the primary or secondary contributing factor for the supervisory concern for nearly half of the credit unions with CAMEL ratings of 3, 4 or 5 that made business loans. The level of delinquent member business loans dramatically rose from 0.53 percent in 2006 to 4.29 percent in 2010; compared to a total loan delinquency of 1.74 percent, this is a clear indication that credit unions, and NCUA itself, were ill-prepared for the additional responsibilities and risks associated with commercial lending. Losses could quickly multiply under this proposed rule.

In addition, 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.

I feel that the NCUA may be 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.

Community Banks such as Generations Bank and many other banks are well equipped to handle commercial loans, especially the small business loan programs. In fact, we our a community bank located in a agricultural area. Our commercial loan volume continues to grow which shows that we are meeting the needs of our local businesses. A credit union expanding to our area would put our earnings at risk as volumes may decrease because credit unions because they may be offer a better program due to their tax advantaged status.

Generations Bank is here to serve our customers. Expanding credit unions lending authority beyond what their original charter allowed would be wrong and dangerous for our local economy.

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