

From: [Brian Riley](#)
To: [Regulatory Comments](#)
Subject: Brian Riley - Comments on Proposed Rulemaking for Member Business Loans, Part 723
Date: Friday, July 24, 2015 5:16:22 PM
Attachments: [image001.png](#)
Importance: High

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

Dear Mr. Poliquin:

Please accept this letter as opposition to the proposed changes in member business loan authorization based on the following arguments:

NCUA's proposal poses serious safety and soundness concerns. 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 my market, AEA Credit Union (Yuma, AZ) is still in receivership due to inappropriate business lending activity.

NCUA is 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.

The small business market is well served with loan options. Statistics from the Small Business Administration indicate that business lending is robust and increasing. This is not an underserved market segment.

Should you have any questions. Please do not hesitate to contact me.

Brian M. Riley

President & CEO

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