



July 27, 2015

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

Re: Proposed Rulemaking for Member Business Loans, Part 723

Dear Mr. Poliquin and NCUA Board Members:

I am writing to express my grave concerns about the Proposals you are considering regarding the expansion of lending to businesses by the Credit Unions you supervise. These proposed changes present serious safety and soundness concerns. I ask you to drop these proposals and encourage your member Credit Unions to adhere to their intended purpose of serving the credit and saving needs of the underserved.

Credit Unions were never intended to be business lending entities. In 1998, Congress made it clear that Credit Unions should be focused on serving the credit and saving needs of consumers, NOT corporations. Despite this, NCUA has continued to promote rules that expand the business lending authority for Credit Unions. Furthermore, NCUA has not shown that it is prepared to adequately supervise institutions with increasing business loan portfolios. Thus, in recent years, business lending activities have been the primary or secondary factor causing high loan delinquency rates, low/risky CAMEL ratings, and even failure of Credit Unions. I believe the mission of NCUA is supposed to be protecting the safety and soundness of its insurance fund by supervising its underlying members, NOT advocating for those members to have ever-increasing business lending authority. As a taxpayer who stands to foot the ultimate bill, I'd ask you to please explain how you are accomplishing your charge regarding safety and soundness by proposing a loophole through which your member Credit Unions are encouraged to enter into even more multi-million-dollar commercial lending deals.

In closing, I'd like to note that the United States of America already has a robust, competitive, and properly-supervised financial system that was designed to serve the needs of businesses (as well as consumers) – the community banking system. The community bank I work for is a stellar example of this, as we've continued to grow our business loan portfolio (i.e. extending credit to businesses that need it) throughout the last decade – including during the "Great Recession". Yet, we are rigorously supervised by our regulatory authorities who have continuously demonstrated concern for our safety and soundness, exclusively, and have not advocated for our rules and regulations to be loosened.

Thank you for your review and consideration of these important items.

Sincerely,

Greg A. Salmen
Executive Vice President

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