

July 22, 2015

JUL27'15 PM 2:29 BOARD

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

Re: Joseph B. Reilly – Comments on Proposed Rulemaking for Member Business Loans, Part 723

Dear Mr. Poliquin:

I have been a banker in New Hampshire for 38 years and have directly observed changing economies and competitive landscapes. I am writing today to express my grave concern and opposition to a recent proposal to expand authorities and powers to the Credit Union industry as proposed by the National Credit Union Agency (NCUA).

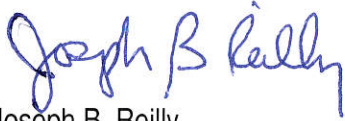
Here are my primary issues:

- 1) NCUA's proposal poses serious safety and soundness concerns.
 - 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. 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.

- 2) 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 banking industry is more than adequately serving the needs of our business communities here in New Hampshire and beyond. In fact, Eastern Bank is the #1 SBA in New England for five straight years. Until the Credit Union industry, which already has often operated outside the intent of their genesis, begins to pay federal income taxes like Banks, the proposed additional authorities and powers should be overwhelmingly rejected. Thank you.

Sincerely,



Joseph B. Reilly
Eastern Bank
NH Regional President
1 Atwood Lane
Bedford, NH 03110

cc: Senator Jeanne Shaheen
1589 Elm Street, Suite 3
Manchester, NH 03101

Senator Kelly Ayotte
41 Hooksett Road, Unit 2
Manchester, NH 03104

Congresswoman Ann McLane Kuster
18 North Main Street, Fourth Floor
Concord, NH 03301

Congressman Frank Guinta
33 Lowell St.
Manchester, NH 03101