



Bank of Colorado

July 23, 2015

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

JUL27'15 PM 2:29 BOARD

**RE: COMMENTS ON PROPOSED RULEMAKING FOR
MEMBER BUSINESS LOANS, PART 723**

Dear Mr. Poliquin,

I am writing in regards to the proposed rule to expand credit unions' authorities for Member Business Loans and Commercial Lending and the effect this proposal will have on community banks.

This proposal would spell out that non-member business loan participations do not count towards the statutory cap and eliminate regulatory oversight of the concentrations of these loans thus encouraging credit unions to enter into more multimillion-dollar commercial lending deals and make the statutory cap meaningless. The NCUA is overstepping its regulatory reach and 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, and restrictions on business lending were instituted to ensure an emphasis on consumer rather than business loans.

Safety and soundness checks and balances would also be removed by eliminating the requirement for personal guarantees, loan-to-value limitations and collateral requirements, and encourage credit unions to divert resources to finance large commercial enterprises lessening the safety and soundness regulations associated with such loans. It has not been established that the NCUA is prepared to supervise institutions with expanding business loan portfolios. Since 2010 credit unions that have failed due to poorly run business loan programs account for a quarter of all losses to the insurance fund during that time. Delinquent member business loans increased from 0.53 percent in 2006 to 4.29 percent in 2010; compared to a total loan delinquency of 1.74 percent, a clear indication that credit unions were not prepared for responsibilities and risks associated with commercial lending. Relaxing the safety and soundness regulations encourages credit unions to divert funds from consumer lending to commercial lending, posing serious safety and soundness concerns.

Community banks, such as Bank of Colorado, provide a service to small businesses. Our small business loan program is important to our customers and the broader community and the expansion of credit unions' authorities into commercial lending would greatly impact our ability to serve the community and our customers.

Sincerely,

Shawn Osthoff
President



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