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Subject: Jim Cargill-Comments on Proposed Rulemaking for Member Business Loans, Part 723
Date: Tuesday, July 28, 2015 10:13:50 AM

Dear Mr. Gerard S. Poliquin,

I write to you today to express my deep concerns about the proposal to expand Credit Union business lending.

The NCUA is boldly overstepping congressional intent of limiting business lending by credit unions. Congress has made it clear that credit unions should be focused on consumer lending and not on commercial lending. Congress took this position to ensure that credit unions continue to fulfill their specified mission of meeting the credit and savings needs of consumers. The mission of credit unions was and is to take care of persons of modest means. By proposing this rule, the NCUA is blatantly disregarding congressional intent. The NCUA should not undermine specific limitations by Congress nor expand the taxpayer liability.

The NCUA's proposal would pose a huge safety and soundness risk to the financial system. The NCUA is not prepared to supervise the expanded commercial lending portfolio's from a safety and soundness position. Our country experienced the same issues back in the 1980's and 1990's when the Savings and Loan industry expanded their commercial business lending without the necessary regulatory oversight. 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. At least five credit unions have failed since 2010 due to poorly operated business loan programs. These failures accounted for a quarter of all losses to the insurance fund during that period. Clearly, this indicates that NCUA has a clear signal to focus on it's charge to protect the industry's insurance fund, thereby protecting the taxpayer's risk. Willful ignorance of the NCUA's responsibility to thoughtfully consider history and manage undue risk is not acting in accordance with Congress' intent.

The commercial and community banking industry has taken care of small business lending programs for our markets for many years. Our bank serves our customers with 275 branches in a four state area. We have seasoned lenders who take care of our markets. We have a deep understanding of the risks inherent in business lending. The vitality of our nation's economy deserves the support of experts in the field of business lending, not inexperienced, unstructured and poorly grounded providers of credit. I feel strongly that expanding credit union's lending powers would negatively impact these community banks by competing with another lender with little expertise in business lending and having limited regulatory supervision. Of even greater concern is disruption of the critically important business and commercial activities of our nation due to poorly executed activities provided by uninformed lending resources.

I look forward to your reply.

With concern,
Jim Cargill

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