From: Samantha Berg
To: _Regulatory Comments
Subject: Samantha Berg - Comments on NCUAs proposal to expand credit union business lending
Date: Monday, July 27, 2015 2:48:24 PM

July 27, 2015

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

Re: Comments on NCUA's proposal to expand credit union business lending

I am writing today to share concerns about the impact of further expanding the credit union industry's authorities into commercial lending.

In our great state of North Dakota, local community banks have long provided the fuel that runs the engines of prosperity. We have served our businesses, farm/ranch operations, and growing commercial companies for decades and believe that tradition should continue with the expertise, regulator oversight and consumer confidence which has been instilled in community banking.

As a $1 trillion tax-exempt industry, NCAU's proposal would provide credit unions with the opportunity for a large taxpayer-subsidized expansion into commercial lending. It would:

- **Widen loopholes to the member business lending cap** by "clarifying" that non-member business loan participations do not count towards the statutory cap and by eliminating regulatory oversight of the concentrations of these loans. This will not only allow, but also encourage, credit unions to enter into more multimillion-dollar commercial lending deals – an area it has limited experience and no regulatory oversight in consumer protection. When Congress made it clear in 1998 to limit business lending by credit unions, it was deliberately specifying NCAU's mission to meet the credit and savings needs of consumers (not businesses).

- **Make the statutory cap meaningless** by allowing certain credit unions to exceed the member business loan statutory authority. If both the proposed business lending and pending capital rules are adopted as proposed, the statutory cap could nearly double without Congressional approval.

- **Remove important safety-and-soundness checks and balances** by eliminating the requirement for personal guarantees, loan-to-value limitations and collateral requirements. This encourages credit unions to divert resources to financing large commercial enterprises while relaxing the safety and soundness regulations associated with such loans.

- **NCAU 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. Expanding the impact of allowing ill-prepared lenders into a new market during an economic downturn if loans are not underwritten properly could have a broad-reaching negative impact to business, communities and the financial services industry.

I have strong opposition about the impact of further expanding the credit union industry's authorities into commercial lending while regulator safety and soundness measures for this type of lending is relaxed through the NCAU. The safety and soundness risks posed by credit unions entering the commercial lending arena and NCUA's regulatory overreach are a detriment to the needs of small business owners and the communities they serve.

Sincerely,

Samantha Berg
Director of Employee Development & Recruitment
Choice Financial Group
direct 701.738.4327
cell 701.739.2096
choicefinancialgroup.com

facebook.com/choicefinancial
Choice Financial Group

CHOICE FINANCIAL
Your Bank.