



William P. Hayes
Chairman, President and CEO

July 31, 2015

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

RE: Comments on Proposed Rulemaking for Member Business Loans, Part 723

Dear Mr. Poliquin,

I am writing to express my concerns about the impact of further expanding the credit union industry's authorities into commercial lending. The NCUA's proposal to do so poses significant safety and soundness concerns, as the credit union industry already has demonstrated it is ill-equipped to make commercial loans. Since 2010 credit unions have accounted for 25% of all losses to the insurance fund. In addition, in 2010 credit union member business loans were the primary or secondary contributing factor for the supervisory concern for nearly half of the credit unions with CAMEL ratings of 3, 4, or 5 that made business loans. Further, the level of delinquent member business loans rose dramatically from 0.53 percent in 2006 to 4.29 percent in 2010. This compares to a total loan delinquency of 1.74 percent and this is a clear indication that losses could quickly multiply under NCUA's proposal.

In addition, relaxing the regulatory standards is contrary to NCUA's charge to protect the industry's insurance fund, and effectively places the taxpayer at risk. NCUA is ignoring lessons from its history and encouraging credit unions to divert funds from consumer lending to commercial lending. Allowing ill-prepared lenders into a new market has the potential to cause bad loans to be syndicated broadly.

The NCUA's proposal to further expand the authority of credit unions to make commercial loans also is contrary to congressional intent to limit business lending in that industry. Congress made it clear in 1998 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 expansion authority, the

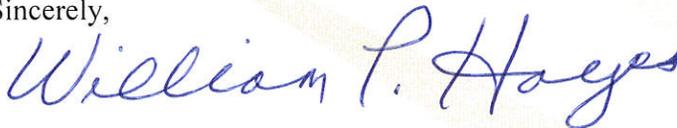
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NCUA Board is ignoring congressional intent, thereby undermining specific limitations set by Congress and, in the process, is expanding tax payer liability.

As a community bank, Kish Bank has been imbedded in the development economic health of Central Pennsylvania for more than 100 years. We have worked with literally hundreds of small businesses, providing both capital and guidance to help them succeed. Our efforts range from helping an unemployed steel worker develop an award-winning winery, to providing funding to a high-tech startup company that manufactures industrial equipment used in the local Marcellus Shale industry in Pennsylvania, as well as globally to industries seeking this product. We are experienced partners with our communities and the people in them, giving back many thousands of dollars and volunteer hours to support the places where we live and work. Please do not dilute and compromise the key role we play well by authorizing credit unions to expand their reach in a manner that Congress declined to authorize for legitimate reasons of safety and soundness nearly two decades ago.

Thank you for your consideration. I would be happy to discuss this with you personally should you find it helpful.

Sincerely,



William P. Hayes
Chairman, President and CEO

cc: Congressman Glenn Thompson
124 Cannon HOB
Washington, DC 20515

Senator Bob Casey, Jr.
393 Russell Senate Office Building
Washington, D.C. 20510

Senator Pat Toomey
248 Russell Senate Office Building
Washington, D.C. 20510