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August 4, 2015

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

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

Dear Mr. Poliquin,

I would like to express my concerns for the Proposal that is under consideration by the NCUA regarding the expansion of lending to businesses. In my opinion, the proposed changes present serious safety and soundness concerns and this expansion is completely unnecessary.

I have been in the Financial Services Industry for over thirty years and I have seen the product of these types of expansions into new financial markets from less experienced lenders. There is a huge difference in the underwriting and experience needed when you are underwriting and managing a commercial, industrial or commercial real estate loan vs a consumer loan. One major missing link is the depth of experience within Credit Union Management in making these types of loans. There is typically not a Mentor or experienced grizzled veteran of commercial credit cycles in place that has this experience that is passed down from generation of lender to the next like there is in Community Banks. There are daily credit management and underwriting issues that are not learned through a seminar or even the most thorough training manuals. A lot of what is learned is from the mistakes or hard lessons learned from this Mentor. How much could this Proposal cost the American Taxpayer as the Credit Unions go through this learning curve and have their own mistakes and hard lessons?

The Savings and Loan debacle of the 1980's is the perfect example of the product that was realized when inexperienced lenders expanded into the commercial real estate market place. Have we forgotten the mistakes and hard lessons learned from this financial catastrophe? Let's learn from these mistakes and not repeat them.

The Proposal you are contemplating is also unnecessary as the Markets that the Credit Unions wish to expand in to already are well served and very competitive. Bringing a less experienced lender with less



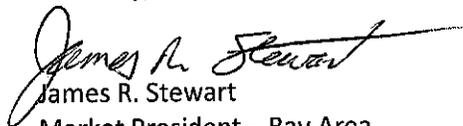
regulatory supervision and with lower rates is a formula for disaster. These lower rates are assumed as Credit Unions do not pay Federal Income Taxes like the rest of their competitors do. This additional competitor, due to basic competitive elements in the market, will inevitably lower underwriting standards and lower rates in the market to levels that do not make financial sense due to the increased risk associated with commercial, industrial and commercial real estate loans. Higher risk and lower returns? Does that sound familiar? We just came out of the Great Recession due in large part because of mandates that had mortgage lenders lowering underwriting guidelines for mortgages. The competition for these mortgages also made the risk to return balance completely out of line. Let's learn from these mistakes and not repeat them. It should also be noted that Community Banks were not part of this problem, but we are being over burdened with the Legislative "One Size Fits All" "Fixes" that are also a product of these disasters.

Credit Unions were established to serve consumers. They have done an excellent job at this and have been on the front line for technological advances in the financial services industry that have been of great benefit to consumers. It is my opinion that it would be healthier for them, the financial services industry, the consumer and the American Tax Payer if they continued to excel in this arena.

While there are many more arguments that can be made to the Proposal, I would ask you to reject this Proposal based solely on the short history outlined above and the fact that we have all paid enough from not learning from other peoples mistakes. You are in a position to protect not only the safety and soundness of the NCUA insurance fund, but the financial services market place as well.

Thank you for your consideration and I look forward to your response.

Sincerely,



James R. Stewart
Market President – Bay Area
Icon Bank of Texas, N.A.

