



July 28, 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

Dear Mr. Poliquin,

Thank you for the opportunity to submit comments on NCUA's proposal to expand business lending for credit unions.

As a former Commissioner for banks/credit unions in North Dakota, I have serious concerns with this proposal and how it relates to safety and soundness of the credit union industry. In my 30 years as a bank regulator, I have seen the ups and downs of many business cycles and the adverse effect it has had on the banking industry. As everyone knows, the down side in the commercial real estate industry has caused substantial loan losses in the banking industry and resulted in a number of bank failures. The impact of this cycle will be even more devastating as credit unions do not have the ability to recapitalize their institutions. In the case of a bank, they can go to their shareholders and make a capital call and recapitalize the institution.

No one wants to see an institution fail as the impact on the community is devastating. Allowing credit unions to take on substantial risk without the ability to recapitalize will have adverse effects on the individual communities and the overall financial industry.

Furthermore, the level of expertise to handle and administer business loans is much greater than consumer lending. To allow credit unions to expand into an industry with loans of much greater risk and complexity does not seem to be prudent. I believe the current regulations on business lending were put in place to limit the risk and exposure on this type of loan. A large number of credit unions are small and don't have the level of expertise to properly administer a commercial loan portfolio.

Additionally, I would question if the regulatory agencies are ramped up to adequately supervise commercial lending. Traditionally, credit unions have done consumer lending and the complexity of examining these loans is much less than commercial loans. In addition, loan policies and credit administration is also more complicated and will require greater supervision and this will result in extended examinations and manpower. Do these agencies have the manpower and expertise for this type of activity?

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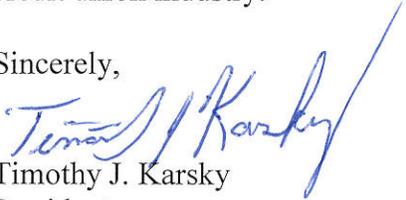
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Based on the above comments, I strongly oppose any expansion of commercial lending in the credit union industry.

Sincerely,



Timothy J. Karsky
President
Choice Financial
Bismarck, ND