

**From:** [Magoon, Ronald](#)  
**To:** [Regulatory Comments](#)  
**Subject:** FW: Ronald L Magoon - Comments on Proposed Rulemaking for Member Business Loans, Part 723  
**Date:** Wednesday, August 05, 2015 8:47:51 AM

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August 5, 2015

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

Dear Mr. Poliquin,

I am writing to share with you my sincere concern with the proposed rulemaking regarding credit union member business lending. As a community banker for almost 30 years, I am troubled by efforts of the National Credit Union Administration to bypass Congress and Congressional Intent to expand the business lending limit; while at the same time loosening underwriting standards (eliminating personal guarantees, and reducing loan-to-value and collateral requirements) while also limiting regulatory oversight of certain business loans. Based upon my years of experience within the financial services industry I can assure you that these efforts, singly or in combination, will surely impact the safety and soundness of individual credit unions and the industry as a whole. As evidenced during the most recent recession, the credit union industry and its regulator are ill-equipped to expand business lending services successfully. This concern is compounded by the fact that the regulatory changes that are being contemplated would actually encourage credit unions to seek out non-business member loan participations that don't count toward the cap – often the largest and more complex credits.

Another point that I feel is germane to this discussion is the fact that by expanding the business lending authority and limit of credit unions, this proposed rulemaking will harm the community banking industry by taking away those lending opportunities in favor of the credit unions. My bank, Franklin Savings Bank, is a small, mutual and independent community institution that has been in business since 1869. We always have, and always will strive to serve the financial needs of our communities. This is evidenced by the significant growth we have experienced in our commercial lending portfolio during the past 5 years while the economy has been in recession; our commercial loan portfolio has increased \$74MM to \$136MM as of July 31, 2015. I am also aware from talking with my peers in the industry that they too have been willing and able to meet the commercial and retail credit needs of their communities. Although I have no hard evidence, I am fairly certain that this is not limited to markets in New Hampshire but happening all over the country.

Mr. Poliquin, I encourage you to reconsider the proposed rulemaking and revisit the original purpose and intent of the credit union industry. The industry receives special benefits based upon a mission

that Congress intended, that credit unions would provide small-dollar loans to close-knit groups of people of modest means. As I look at the industry today spending millions of dollars on stadium naming rights, ignoring any common bond requirements (this membership requirement is taken directly from the Website of St. Mary's Bank in Manchester, NH – (***With membership open to anyone with the purchase of one share of capital stock for \$5, we are committed to the credit union philosophy of "people helping people"***)), and stretching to originate multi-million dollar commercial loans, I see an industry that has not only strayed from its intended purpose, but has begun operating as a traditional bank. As you consider the full suite of retail, investment, insurance and business services being provided by credit unions, it is virtually impossible to tell the difference.

In closing, I ask that you reconsider the rulemaking and do not implement the changes as proposed.

Respectfully,

Ronald L. Magoon

**Ronald L. Magoon**

Executive VP, Chief Operating Officer

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