

**From:** [Joanne B. Lowery](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Joanne B. Lowery --Comments on Proposed Rulemaking for Member Business Loans, Part 723  
**Date:** Friday, August 07, 2015 10:39:54 AM

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August 7, 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 write you today in strong opposition to the National Credit Union Administration's (NCUA) proposal to vastly expand credit unions' authorities for Member Business Loans and Commercial Lending. On behalf of the Virginia Bankers Association (VBA), whose membership includes the vast majority of banks in Virginia, we urge you to reconsider and rescind your proposed rulemaking.

All financial institutions are challenged by the burdensome regulations imposed by the actions of Congress. However, Congress clearly instituted proper restrictions on credit unions' ability to engage in business lending that this proposal would supersede. Already having strayed significantly from their original mission of serving consumers of modest means, credit unions would be free to abandon any pretense of that mission should this proposal advance. Congress has refused to act on legislative efforts to increase business lending authority for credit unions despite vigorous advocacy from the industry. It now appears the NCUA seeks to grant what Congress has rightfully denied. In running contrary to congressional intent, this proposed regulatory action cannot be considered "regulatory relief," but rather an unwarranted expansion of credit union authority without congressional approval.

As the over one hundred tax-paying banks in Virginia continue to daily serve the credit needs of businesses of all sizes in the Commonwealth, this proposal is an affront to the complexity with which banks handle business lending and stringent examination protocols in place for them. The credit union industry, which already benefits from a massive \$25.39 billion federal subsidy over 10 years from its tax exemption, is ill-equipped to appropriately expand in this business line as seen in the losses attributable to the insurance fund from poorly run credit union business loan programs in recent years. Likewise, increases in delinquent business loans and supervisory concerns already raised at credit unions engaged in business lending further demonstrate how the proposal should raise the alarm of potentially serious safety and soundness concerns. In addition, meaningful oversight of a market that carries distinct risks that could further jeopardize the tax-payer backed insurance fund are paramount. The current proposal does not contain adequate assurances that training, examination processes and market expertise at NCUA are present to accommodate this heightened risk.

As Virginia banks work to serve their customers' needs and assist small business grow and create jobs – all while generating tax revenue to the benefit of our country, Commonwealth and

communities – the proposed expansion of credit unions’ authority would undermine that endeavor. The NCUA should withdraw this and other proposals that would circumvent Congress, imperil safety and soundness and undermine other financial institutions’ ability to serve their customers.

Thank you for your consideration of our comments.

Sincerely,

Joanne Lowery

AVP Branch Manager

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804-333-3500

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