

July 24, 2015

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

RE: NCUA Expanded Credit Union Business Lending Proposal

Dear Mr. Poliquin:

I am writing you today to express my concern regarding the proposed rule to expand Credit Unions' authority in the realm of commercial lending. As I understand it, the proposal would:

- **Widen loopholes to the member business lending cap** by "clarifying" that non-member business loan participations do not count towards the statutory cap and by eliminating regulatory oversight of the concentrations of these loans.
- **Make the statutory cap meaningless** by allowing certain credit unions to exceed the member business loan statutory authority. If both the proposed business lending and pending capital rules are adopted as proposed, the statutory cap could nearly double without congressional approval.
- **Remove important safety-and-soundness checks and balances** by eliminating the requirement for personal guarantees, loan-to-value limitations, and collateral requirements.

To me, this proposal appears to be a solution in search of a problem. Lending to small business is best handled by community banks and their proven record. Our industry has the expertise and aptitude to meet the needs of the business community. There is already sufficient credit available in the market to satisfy the wishes of business. Adding an additional player, and might I add a tax advantaged player with no experience, will only serve to stamp out competition in the long run and press the boundaries of sound judgment in the short term.

Congress has made it clear that Credit Unions are to focus on consumer lending, not business 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 those persons of modest means. The NCUA should not undermine these specific limitations by Congress nor expand the taxpayer subsidy.

In addition, relaxing the regulatory standards is contrary to NCUA's charge of protecting the industry's insurance fund, and effectively places the taxpayer at risk. NCUA is willfully ignoring lessons from its history and encouraging credit unions to divert funds from consumer lending to commercial lending.

In summary, I ask that you withdraw this proposal. It runs contrary to the mandate Congress put in place for Credit Unions. It introduces needless risk to the Credit Union system and induces them to compete in a realm they are wholly unprepared to navigate. I would ask that thoughtful insight be investigated before giving in to the pressures of the empire builders to which you regulate.

Sincerely,



Greg Dunlap
Executive Vice President
Horizon Bank
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