

**From:** [David P. Strautz](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comments on Proposed Rulemaking for Member Business Loans, Part 723.  
**Date:** Tuesday, August 18, 2015 4:20:41 PM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

Comments on Proposed Rulemaking for Member Business Loans, Part 723.

Dear Gerard Poliquin:

I am the CEO of a \$300 million community bank in the St. Louis suburbs. I would like to comment on the NCUA proposed rule for business and commercial lending.

NCUA's proposal poses serious safety and soundness concerns. NCUA has not established that it is prepared to supervise institutions with expanding business loan portfolios, and the credit union industry has proven ill-equipped to make such loans. At least five credit unions since 2010 have failed at the hands of poorly run business loan programs, accounting for a quarter of all losses to the insurance fund during that period. In 2010, member business loans were the primary or secondary contributing factor for the supervisory concern for nearly half of the credit unions with CAMEL ratings of 3, 4 or 5 that made business loans. 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 their history and encouraging credit unions to divert funds from consumer lending to commercial lending. In 1998, Congress made it clear that credit unions should be focused on consumer lending, not commercial 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 persons of modest means, through an emphasis on consumer rather than business loans." By proposing this rule, the NCUA Board has blatantly disregarded congressional intent. NCUA should not undermine specific limitations by Congress nor expand the taxpayer liability.

If you think these comments are unfounded, you have only to step out the front door of my office and look two blocks to the west to see a very large and expensive facility which is the largest non-employer credit union in our metro area. This is in the heart of one of the wealthiest and most active corporate centers in our metro area.

Sincerely,  
David P Strautz  
206 North Fifth Street  
Saint Charles, MO 63301