

**From:** [John McGrath](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comments on Proposed Rulemaking for Member Business Loans, Part 723.  
**Date:** Monday, August 17, 2015 4:39:11 PM

---

Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

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

Dear Gerard Poliquin:

Mr. Poliquin My name is John McGrath. I have been a banker for over 35 years, all in the fine State of South Dakota. I have live on both ends of the state in both urban and small communities. In all this time I have never seen a time when any of these community needs have had their business financing needs not being fulfilled by the financial institutions within those communities. This include both good and difficult economic times. Expanding the reach of credit unions in this regard and this time, nor any other, is simply not necessary.

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. Losses could quickly multiply under this proposed rule. 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 their history and encouraging credit unions to divert funds from consumer lending to commercial lending This proposal is contrary to congressional intent to limit business lending by credit unions. 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." NCUA should not undermine specific limitations by Congress nor expand the taxpayer liability.

As noted I have spent my entire career in the financial services industry. One could point out this has only been in South Dakota. However I am quite certain our State looks much like the United States as a whole and that this proposal does nothing that isn't already being done. In my opinion this is a solution looking for a problem that just does not exist. Thank You for your consideration.

Sincerely,  
John McGrath  
601 S. Minnesota Ave  
PO Box 1348  
Sioux Falls, SD 57104