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July 24, 2015

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

Re: Proposed Rule to Amend NCUA's Member Business Loans Rule (RIN 3133-AE37)

Dear Mr. Poliquin:

As a community banker in Middle Tennessee, I appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) regarding the proposed rule referenced above. I am deeply concerned about the proposal to amend NCUA's member business loans (MBL) rule to provide federally insured credit unions with greater flexibility in providing commercial and business loans.

The NCUA proposal would dramatically expand credit unions' authorities for MBLs and Commercial Lending 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. This will not only allow, but also encourage, credit unions to enter into more multimillion-dollar commercial lending deals.

This concerns me a great deal as the end-result would be credit unions with limited experience in business lending having higher concentrations of these large dollar loans, which poses serious safety and soundness concerns. We should all remember that the Savings and Loan Industry does no longer exist, due largely in part to expanding their commercial lending roles without adequate expertise. NCUA has not established that it is prepared to supervise credit unions with expanded business loan portfolios, for it takes joint efforts from supervisors and lending institutions to ensure long term success.

I have been a banker serving the business community and their borrowing needs for over forty years. Properly underwriting a commercial transaction is dramatically different than underwriting a consumer loan. If your lenders are not qualified in understanding the information derived from a business balance sheet and P&L, along with fully understanding cash flow and debt service coverage; then excessive loan losses will be the result. We recently had a business client of the bank finance their building with a local credit union, and while the credit risk was totally acceptable, the client said all the credit union was concerned with was the loan to value ratio on the property. We all know that is a secondary source, with the primary source being cash flow. That is inherently unacceptable underwriting.

Additionally, relaxing the regulatory standards for making member business loans would jeopardize NCUA's ability to protect the industry's insurance fund, which could potentially place their customers at risk.

By allowing certain credit unions to exceed the MBL statutory authority, the cap would become virtually meaningless. Because this rulemaking bypasses the legislative process that put the cap in place, the statutory cap could nearly double without Congressional approval. Congress has made it clear repeatedly by not allowing the credit union industry's request to further expand into commercial lending that credit unions primary focus should be consumer lending. NCUA's efforts in proposing this rule completely disregards congressional intent. NCUA should not undermine specific limitations by Congress.

Should the proposed rule take effect as currently drafted, it would undermine my bank's ability to serve the business community. Our bank has a long history of providing effecting counsel to our business clients; with the result of helping them best understand how much debt the current cash flow can support. They value this counsel, and both the client and bank win.

Thank you for considering the concerns raised in this letter. I appreciate the opportunity to share my comments with you.

Sincerely,

Lee M. Moss
President

CC: Senator Bob Corker
Senator Lamar Alexander
Congressman Scott DesJarlais