

From: [John Essen](#)
To: [Regulatory Comments](#)
Subject: Opposition to NCUA proposal for expansion of business lending
Date: Thursday, August 20, 2015 10:30:05 AM

Dear Secretary of the Board Poliquin,

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

I am writing to you to object to the proposal by the National Credit Union Administration to permit expanded business lending authority for credit unions. This proposal is contrary to the clear intent of Congress and raises significant safety and soundness concerns.

Changing the rules on business lending is a significant change in policy that must be left to Congress. When Congress first created the limited business lending authority for credit unions in 1998, it made clear that the primary mission of credit unions should remain consumer lending, not commercial lending. Thus, the 12.25% hard cap on commercial lending was created at that time "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." Expanding exemptions to that explicit limit is contrary to the clear Congressional intent to limit business lending by credit unions.

In addition, we believe that expanding the business lending authority of credit unions creates serious safety and soundness concerns, putting the industry's share insurance fund, and ultimately the U.S. taxpayer, at risk. During the last recession, several credit unions with active business lending programs failed, even though they were operating within the congressionally mandated limits. A high percentage of the losses to the insurance fund since 2010 have been as a direct result of poorly underwritten commercial loan portfolios.

I urge you to withdraw this proposed rule.

Sincerely,

John Essen
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