

From: [Jason Packard](#)
To: [Regulatory Comments](#)
Subject: Comments on Proposed Rulemaking for Member Business Loans, Part 723.
Date: Friday, August 21, 2015 7:47:14 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

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

Dear Gerard Poliquin:

I appreciate your willingness to seek comments before NCUA changes the credit unions ability to make more commercial loans, raise capital, and change their field of membership.

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. The level of delinquent member business loans dramatically rose from 0.53 percent in 2006 to 4.29 percent in 2010; compared to a total loan delinquency of 1.74 percent, this is a clear indication that credit unions, and NCUA itself, were ill-prepared for the additional responsibilities and risks associated with commercial lending. 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.

NCUA is overstepping its regulatory reach by expanding business lending loopholes. 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." 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.

I've been a banker for 15 years having started as a teller and moving my way up to currently managing an office. Over all these years I can't tell you the many millions of loans we have lost to credit unions because of their low rates. Trying to explain why they are able to charge lower rates is almost impossible. All they care about is what's the best for them. Little do they

know that they are just harming themselves by less taxes being paid by their financial institution. The gig is up and we all know that you are making and doing the same things that banks do but without the tax burden. You say that your member's are your stock holders. I've seen your members banking statements and their "dividends" they earn is the same thing as interest that banks pay for customers deposits. It's not anything additional. So the profits that are supposed to be dividend to the members is used to pay employees above average wages and benefits, build extravagant offices, and have extravagant marketing. In Utah we have two of the biggest credit unions in the nation. These credit unions are 2nd and 3rd in size to Zion's Bank. This is no longer a question that are the credit unions serving people of small means. I challenge credit unions over \$100 million in assets to pay income taxes or waive taxes for banks and see if the credit unions can compete with banks. Let's even the playing field and finally allow this game to be played fairly. Thank you for your time. Please feel free to contact me if you have any further questions or concerns.

Sincerely,
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