

From: [J. Reed Nixon](#)
To: [Regulatory Comments](#)
Subject: Comments on Proposed Rulemaking for Member Business Loans, Part 723.
Date: Monday, August 24, 2015 5:44:41 PM

Gerard Poliquin
National Credit Union Administration
Alexandria DC 22314

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

Dear Gerard Poliquin:

I am writing in response to the proposed changes that would greatly expand business lending within the credit union industry. Over the last several decades the credit union industry has drifted from its original purpose and most are now functioning like a bank as opposed to financial institution for a specific group of people with a common bond. I am concerned about the manner in which this proposal has been extended and about the potentially negative impact that it would have.

Many credit unions lack the expertise to either competently originate business loans or thoroughly analyze commercial loans they are allowed to purchase from 3rd party credit union service organizations (CUSO's). It is contrary to safe and sound banking practices to allow any financial institution to lend or purchase an ownership interest in commercial loans that management cannot properly underwrite, understand, and analyze to determine if it is a bankable asset. The additional concept that commercial loan participations would not be included in the statutory cap calculation and regulatory oversight for this concentrated credit would be reduced is irresponsible and encourages credit unions to stray further from their intended mandate.

Our bank has a longstanding proven track record demonstrating the ability to underwrite and administer commercial loans in a prudent and sound manner. We are proud of our ability to serve the banking needs of our business customers, and are concerned that these new rules could allow unsafe lending by financial entities that do not have the appropriate level of experience or controls to become involved with a higher level of commercial loans and syndications.

Sincerely,
J. Reed Nixon
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Lenexa, KS 66219