

From: [Leton Harding](#)
To: [Regulatory Comments](#)
Subject: Leton Harding - Comments on Proposed Rulemaking for Part 723
Date: Monday, August 24, 2015 1:37:43 PM

Mr. Gerard Poliquin, Secretary of the Board
NCUA

Dear Mr. Poliquin,

I am writing as CEO of a community bank located in the Coalfields of Southwest, Virginia in opposition to the proposed changes to Member Business Loan (MBL) capacity authorization.

First, the United States Congress was asked, and passed, on making legislative changes to these standards. Using regulatory designs to support a need that does not exist is inappropriate and circumvents the will of the peoples legislative body.

Next, I am unaware, based on either the public or the credit union industry statements, that Members Business Loans are not be handled now due to lack of capacity. Have borrowers been turned away? If so, where are the facts?

In 1998 Congress made clear that Credit Unions served consumers not businesses. Since consumers are real people and not fictitious entities such as corporations and LLCs, I assume that Credit Unions can only make loans to individuals that would use the proceeds for business purposes. Or is it the purpose of the industry to say that Business Entities can now become members?

In addition to the proposed increases in limits, I am deeply troubled by the proposed changes in underwriting standards as it relates to personal guarantees of borrowers and other traditional commercial loan underwriting needs. These factors alone cause great concern in allowing the proposed rule changes to occur. These changes are playing with fire!

Since 2010 five (5) credit union closures have led to losses for the NCUA, much of which is attributable to commercial lending activity at these organizations. Are you prepared for more closures.

I would encourage the NCUA not to go the way of the FHLB (as the FHLB did in the 1980s in supporting Savings and Loans). The NCUA should become more of a regulator and less of facilitator and cheerleader for risky or potentially risky credit union behavior. We know what happens when regulators become too cozy with the industry they are supposed to supervise – the S&L Crisis of the 1980s.

In conclusion, no clear economic need has been demonstrated for the expansion of this authority than the desire of some in the industry to move away from the Credit Unions original purpose of serving the needs of low to moderate income consumers. Please keep in place existing standards for MBLs.

And one final note, the NCUA should make credit union information available in the same manner as the FDIC via the Uniform Bank Performance Reports. The open and free evaluation of Credit Union balance and income sheets should be available to the public. Perhaps this transparency would illuminate all regarding the actual demands and needs of the borrowing public.

Sincerely,

Leton L. Harding, Jr.
CEO
Powell Valley National Bank