



**Commerce**  
STATE BANK

*Earning Relationships*

August 25, 2015

Mr. Gerard S. Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia, 22314-3428  
[regcomments@ncua.gov](mailto:regcomments@ncua.gov)

**Re: Member Business Loans; Commercial Lending Proposal; RIN 3133-AE37**

Dear Mr. Poliquin,

Commerce State Bank is a \$400 million community bank in West Bend, Wisconsin. I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA's) proposal to amend its member business loan (MBL) rules which govern credit union commercial lending activities.

As a community banker with Commerce State Bank, I am angered by the NCUA's use of its rulemaking authority to propose new definitions and other exemptions in an attempt to create loopholes many large federal credit unions (FCUs) will use to make commercial loans beyond the current 12.25% MBL limit established by Congress as part of the Credit Union Membership Access Act of 1998 (CUMAA). I strongly oppose NCUA's attempt to expand commercial business lending by FCUs beyond that permitted by Congress. I do not believe NCUA has the authority to broaden the Congressionally-set limit through rulemaking.

In addition, it's foolish to suggest elimination of certain safety and soundness standards, specifically the elimination of the requirement for personal guaranties, LTV limitations and collateral requirements. As is well known by NCUA, commercial lending is one of the most complex and riskiest forms of lending.

I am also very concerned that the impact of NCUA's proposal will potentially cause consumer harm with the removal of important safety and soundness safeguards. To protect against such possible loss, NCUA must not eliminate the requirement for personal guaranties, nor reduce LTV limitations and collateral requirements.

I strongly oppose NCUA's use of rulemaking to circumvent the Federal Credit Union Act to expand commercial business lending by FCUs beyond that permitted by Congress. Congress is the proper venue for the type of significant change in MBL policy sought in this proposal.

I also believe the proposal is not the type of rulemaking an independent, supervisory agency such as NCUA should engage in, as it flies in the face of its duties to: (1) examine FCU practices against the rules established by Congress—including the established limit on commercial business lending; and (2) protect consumers against possible loss due to overzealous actions related to commercial business lending activity. For these reasons, NCUA must withdraw its proposal.

I appreciate the opportunity to comment on NCUA's proposal.

Sincerely,

Joe Fazio, III  
CEO