



Come Home to HomeTown
HOME TOWN BANK

Downtown Office

P.O. Box 317
301 S. Washington Street
Redwood Falls, MN 56283-0317
Telephone: 507-637-8730
Fax: 507-637-5825

Cook Street Office

P.O. Box 317
1000 Cook Street
Redwood Falls, MN 56283-0317
Telephone: 507-637-1000
Fax: 507-637-1001

Jordan Office

101 Creek Lane South
Jordan, MN 55352
Telephone: 952-492-5599
Fax: 952-492-5589

Olivia Office

P.O. Box 127
1115 W. Lincoln Ave
Olivia, MN 56277-0127
Telephone: 320-523-2040
Fax: 320-523-2043

Cleveland Office

P.O. Box 249
326 Broadway Street
Cleveland, MN 56017
Telephone: 507-934-3174
Fax: 507-934-6655

August 19, 2015

Mr. Gerard Poliquin,
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

AUG25'15 PM 1:42 BOARD

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

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration today to urge you to withdraw the proposal to "modernize" the NCUA's member business lending regulation.

HomeTown Bank, headquartered in Redwood Falls, MN, is a \$ 240 million community financial institution serving customers from 9 locations in southwestern and south central Minnesota. We have about \$ 165 million in loans with about 1/3 being agricultural, 1/3 being commercial and 1/3 being housing and consumer loans.

In the name of regulatory relief, the NCUA is expanding the ability of credit unions to make commercial loans in ways that were never approved by Congress. Despite attempts to pass legislation increasing credit unions' commercial lending authority, Congress has repeatedly rejected those attempts because additional commercial lending authority is inconsistent with the credit unions' tax exempt mission. The NCUA should not grant powers that Congress has regularly rejected.

Credit unions receive extremely generous tax advantages, and in exchange for those advantages, credit unions have some limitations. For example, Congress set a cap for credit union commercial lending at 12.25% of total assets. Through various regulatory actions, the NCUA has created multiple exceptions to that rule, rendering the cap meaningless. In this proposed regulation the NCUA has decreed that non-member business loans and non-member commercial participations are exempt from the cap. Congress did not determine that these loans should not count against that cap. That part of the proposed rule is inappropriate. Making that kind of policy determination is a legislative function for Congress, not a regulatory function.

Henderson Office

P.O. Box 38
409 Main Street
Henderson, MN 56044-0038
Telephone: 507-248-3216
Fax: 507-248-3401

St. Peter Office

P.O. Box 388
102 S. 3rd Street
St. Peter, MN 56082
Telephone: 507-934-2823
Fax: 507-934-3124



www.htbmn.com

Le Sueur Office

309 N. Main Street
Le Sueur, MN 56058
Telephone: 507-665-6411
Fax: 507-665-6413

Waconia Office

641 Market Place Drive
Waconia, MN 55387
Telephone: 952-230-3850
Fax: 952-230-3851



Come Home to HomeTown

HOME TOWN BANK

Downtown Office

P.O. Box 317
301 S. Washington Street
Redwood Falls, MN 56283-0317
Telephone: 507-637-8730
Fax: 507-637-5825

Cook Street Office

P.O. Box 317
1000 Cook Street
Redwood Falls, MN 56283-0317
Telephone: 507-637-1000
Fax: 507-637-1001

Jordan Office

101 Creek Lane South
Jordan, MN 55352
Telephone: 952-492-5599
Fax: 952-492-5589

Olivia Office

P.O. Box 127
1115 W. Lincoln Ave
Olivia, MN 56277-0127
Telephone: 320-523-2040
Fax: 320-523-2043

Cleveland Office

P.O. Box 249
326 Broadway Street
Cleveland, MN 56017
Telephone: 507-934-3174
Fax: 507-934-6655

Credit unions are membership-based organizations. They should focus on serving the needs of their individual members, and especially on individuals of modest means. This proposal gives credit unions the explicit authority to make non-member business loans. Why should credit unions be able to serve anyone outside their defined membership? That makes no sense for a membership-based organization. It is especially egregious that credit unions would have the authority to serve business entities that have no affiliation with the credit union. Not only can they serve them, the loans to these unaffiliated businesses do not even count toward the credit unions' Congressionally-mandated business lending cap. NCUA, with this proposal, you have gone too far.

Thank you for taking the time to read my concerns.

Sincerely,

Dean K. Toft, CEO

HomeTown Bank

Henderson Office

P.O. Box 38
409 Main Street
Henderson, MN 56044-0038
Telephone: 507-248-3216
Fax: 507-248-3401

St. Peter Office

P.O. Box 388
102 S. 3rd Street
St. Peter, MN 56082
Telephone: 507-934-2823
Fax: 507-934-3124



www.htbmn.com

Le Sueur Office

309 N. Main Street
Le Sueur, MN 56058
Telephone: 507-665-6411
Fax: 507-665-6413

Waconia Office

641 Market Place Drive
Waconia, MN 55387
Telephone: 952-230-3850
Fax: 952-230-3851