



# BROADWAY BANK

*We're here for good.*

JIM D. GOUDGE  
CHAIRMAN & CEO

AUG25'15 PM 1:39 BOARD

August 19, 2015

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

Dear Mr. Poliquin:

I want to take this opportunity to express my concerns regarding the NCUA's proposal to expand credit unions' business lending portfolios.

My primary concern has to do with the financial industry safety and soundness. In my opinion, it does not appear (at least in the San Antonio and Austin markets) that the credit unions have the knowledge, experience or credit monitoring system to prudently handle an increase in business loans. The following are two examples that are cause for part of my concerns:

1. We recently hired a young man from an Austin credit union to work in our commercial real estate area. He had been trained and spent several years in Commercial Lending and Commercial Real Estate Lending with Wells Fargo Bank (in my opinion, they have an outstanding credit training program). After a few years he was recruited to an Austin credit union as a commercial lender. After working there less than two years with three different commercial lending managers, and observing what he believed to be poor credit practices, he made a decision to leave. In my interview with him, he expressed genuine concern that this particular credit union was unprepared and did not have the knowledge or experience to handle commercial or commercial real estate loans.
2. We also just had a San Antonio credit union hire one of our junior credit analysts. This particular person was of excellent character, but was struggling grasping some of the more complex credit/loan issues. We believed he would eventually "get it", but he needed additional training and time. The credit union hired this person to actually manage their credit department.

Taking these two examples plus the proposed rule changes that eliminate requirements for personal guarantees, normal loan to value limits, and customer collateral requirements, I believe the credit union industry could be setting themselves up for a huge credit crisis. While I am no fan of the credit union industry and the tax exempt status they enjoy, I certainly do not want them to experience significant credit losses. Frankly, that would not be good for our local economies or for the financial industry as a whole.

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I have been in the commercial banking business for almost 40 years and nothing can harm the financial industry quicker than poor or weak credit underwriting practices, especially with regards to commercial and commercial real estate lending.

Thank you for taking time to consider my views.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Goudge", with a long horizontal flourish extending to the right.

Jim Goudge  
Chairman & CEO