

Paul G. Greig
Chairman, President & CEO



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August 20, 2015

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

AUG25'15 PM 1:42 BOARD

Dear Mr. Poliquin:

As president, chairman and CEO of FirstMerit Bank, an Akron-based community bank serving small and mid-size businesses throughout the Midwest, I strongly object to the National Credit Union Administration's (NCUA) proposed rule to expand credit unions' authorities for member business loans and commercial lending.

In 1998, the United States Congress instituted regulations on credit unions' commercial lending to ensure that credit unions "continue to fulfill their specified mission of meeting the credit and savings needs of consumers, especially persons of modest means, through an emphasis on consumer rather than business loans." The current rule proposed by NCUA purposely undermines Congressional intent.

Additionally, the proposal not only threatens the future safety and soundness of credit unions that expand their commercial lending efforts, it jeopardizes the businesses that borrow from credit unions. Specifically, the proposal eliminates regulatory oversight over concentrations of commercial loans made by credit unions, nearly doubles the statutory cap without Congressional approval and removes the requirement for personal guarantees, loan-to-value limitations and collateral requirements. This is risky ground on which to expand commercial lending efforts.

At the same time, NCUA has not established that it is prepared to supervise institutions with expanding business loan portfolios. At least five credit unions failing since 2010 because of ill-managed business loan programs (accounting for a quarter of all losses to the insurance fund during that period), reflecting a lack of preparation by credit unions to expand commercial lending.

Community banks like FirstMerit have comprehensive credit risk policies and procedures in place. We are a heavily regulated business that operates with discipline to ensure the financial health of itself and its customers.

I urge the NCUA to withdraw the proposed rule regarding expanded commercial lending.

Best regards,

A handwritten signature in black ink that reads "Paul Greig".