

F&M BANK

7641 Lake Drive, Lino Lakes, MN 55014
845 East County Rd. E, Vadnais Heights, MN 55127

"The Right Choice"

August 18, 2015

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

AUG25'15 PM 1:33 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.

I am the Executive Vice President of Farmers and Merchants Savings Bank, with branch offices in Vadnais Heights and Lino Lakes here in Minnesota. The credit unions in these communities own the automobile financing market and the home equity space by virtue of superior pricing they make available due to their tax advantage as a credit union.

Now, 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.

I wish to thank you for taking time to review my concerns and trust that you will act appropriately.

Sincerely,



Thomas G. Colgan
Executive Vice President



Lino Lakes Office

Vadnais Heights Office

Phone: 651-784-8000
Fax: 651-780-8885

Phone: 651-429-8000
Fax: 651-483-4883

www.fmbank.biz