

ZIONS BANCORPORATION

HARRIS H. SIMMONS
Chairman, President and
Chief Executive Officer

August 27, 2015

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

Re: Comments on Advanced Notice of Proposed Rulemaking for Part 723

Dear Mr. Poliquin:

I am writing to comment on the NCUA's proposed amendments to Part 723 with respect to expanding the ability of credit unions to offer member business loans.

The proposed amendment would recklessly put the Credit Union Share Insurance Fund, and thus taxpayers who back the fund, at great risk. Credit unions generally lack the skills and controls necessary to safely engage in this business. A good case study can be found in America First Credit Union, one of the nation's largest credit unions and one that operates in my own back yard.

Over the past six years, America First Credit Union's business loan portfolio, which reached a peak size of well over a half billion dollars, has experienced an average total delinquency rate¹ of 24.3%. Its average 60-day delinquency rate during this period has been a stunning 20.5%. At one point, the institution's *one-year+ delinquencies amounted to an incredible 18.6%* of total business loans. By the end of 2014, despite the fact that the unemployment rate in Utah – America First's primary market – had recovered to a very strong 3.6%, the total delinquency rate on America First's business loans remained at a stubbornly high 11.0%.

By contrast, total delinquencies at Zions First National Bank, our subsidiary that competes head-to-head with America First, averaged 2.3% in our commercial loan portfolio, and 3.1% in our commercial real estate portfolio over the past six years. At year-end 2014, delinquencies in these portfolios were .5% and .3%, respectively – or about 1/27 the delinquency rate of America First. In fact, America First's delinquency at year-end 2014 was higher than Zions Bank's peak delinquency during the financial crisis.

¹ Based on year-end delinquency measures as reported on call reports.

Credit unions were established to serve people of *modest means* who share a *common bond*. This proposed amendment would further erode the already tenuous notion that the credit union industry is focused on its core mission, and will facilitate more of the reckless behavior described above.

I sincerely hope that the NCUA will withdraw this proposal and encourage credit unions to instead focus on serving those of modest means in accordance with the mission given the industry by Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Harris H. Simmons". The signature is fluid and cursive, with a long horizontal stroke at the end.

Harris H. Simmons
Chairman and CEO

cc: Members of the Senate Banking Committee
Members of the House of Representatives Financial Services Committee