

From: [Brian Meyer](#)
To: [Regulatory Comments](#)
Subject: Comments on Proposed Rulemaking for Member Business Loans, Part 723
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August 28, 2015

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

Dear Mr. Poliquin:

As a community banker and as CEO of a community bank in northeast Iowa I have the following concerns regarding the proposed legislation and expansion of credit union powers. Commercial lending has been an important part of our business model for the nearly 75 years we have been a state chartered bank. Commercial lending also brings with it a whole different set of issues than the consumer lending that credit unions have traditionally been involved with and were authorized to offer.

The ability of the NCUA to supervise commercial lending is a significant question and concern. The short history of credit union lending in this area reflects that failures have already happened since 2010 and the insurance fund has suffered as a result of this lending. Delinquency rates and Camel ratings have been a supervisory issue for those credit unions involved and would only become more of an issue with expansion by the entire industry. The thought of eliminating prudent guidelines such as personal guarantees, LTV limits and collateral requirements will only cause more losses and regulatory concerns.

Several years ago we ventured into the large participation business, along with many other community banks, and the results were not favorable for us when the general economy took a turn for the worse. This should also be a concern for credit unions who are wishing to enter this arena and for their regulator with no prior commercial lending experience. How will taxpayers be placed at risk if problems again create an insurance fund shortage?

Congress has placed limits on commercial lending by credit unions and this proposal is certainly contrary to their intent. Consumer based lending to persons of modest means was the original purpose of credit union and the NCUA should be involved in that mission. That should not include the multi-million dollar deals currently being done by some of the largest credit unions.

We have helped many small businesses with their lending needs by offering properly structured, well documented business loans and credit facilities to our local customers. Plenty of credit is

available in our market and credit worthy businesses are able to borrow from the community banks in our area. This risky expansion by the credit union industry is neither needed or advised.

Thank you for your careful consideration of this matter.

Very truly yours,

Brian K. Meyer
President & CEO
Security State Bank
231 1st Street East
P.O. Box 511
Independence, IA 50644
brian.meyer@ssbindee.com
Phone: 319.334.7035
Toll free: 888.384.7780
Fax: 319.334.3474

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