



August 31, 2015

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

Re: Nation Credit Union Administration; Member Business Loans; Commercial Lending;  
12 C.F.R. Part 701,723, and 741; 80 Federal Register 37898, July 1, 2015

Dear Mr. Poliquin:

On behalf of the more than 400 member banks of the Texas Bankers Association, I am writing to express our strong opposition to the above-referenced proposed regulations to expand the business lending powers of federally insured credit unions. We believe that the proposed amendments are in conflict with federal statutes and congressional intent. Further, we believe that the amendments will cause safety and soundness concerns because they will cause an increase in business lending under a regulatory regime that has not proved to be sufficient under the existing regulations.

Exhibit A for the problems that can befall a credit union that gets into commercial lending is Texans Credit Union in Richardson, Texas. This \$1.6 billion institution was placed into conservatorship by the NCUA in 2011. It had hundreds of millions in troubled business loans, especially commercial real estate projects. Where were the examiners to tell them they were over the 12.25% cap on business loans? They were not chartered to make business loans or historically involved in such loans. The credit union was chartered in 1953 for Texas Instruments employees. How much did the troubles at Texans end up costing the National Credit Union Share Insurance Fund?

Nationally, the level of delinquent business loans rose to a dangerous 4.29% in 2010. Five credit unions involved in business lending have failed since 2010. They accounted for a quarter of all losses to the share insurance fund. The NCUA has not proved that it is capable of regulating existing commercial lending. The proposed amendments will only lead to further losses to the NCUSIF.

In light of recent experience, now is not the time to loosen credit union business lending rules. TBA appreciates the opportunity to share its views on this important matter.

Sincerely,

J. Eric T. Sandberg, Jr.  
President & CEO