

August 28, 2015

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

Mr. Poliquin:

I am writing to address my concerns over the NCUA's proposal to change their commercial lending rules. As an employee of a community bank, Central Bank in Utah County, Utah, I am upset at this attempt by the NCUA to gain an unfair advantage over the banks. Central Bank has built a great reputation within the community for servicing not only consumers but small businesses; our emphasis is to help small business begin, expand, and succeed through our business products and customer service. If NCUA's proposal goes through, we could be at a definite disadvantage for competing against NCUA rates. I believe businesses and consumers alike recognize the impact the credit union tax subsidy has on our schools, community, and taxpayers and would be upset if credit unions changed their footprint and business structure to act like large banks. Credit unions have their place within communities as do community banks and we should respect and keep to the roles each have.

I have had a personal account with my local credit union since I was a teenager and have appreciated the unique relationship and low rates offered because of the tax breaks enjoyed by credit unions. This was the intention when credit unions were created, to service consumers with an affiliation within specific communities, not commercial lending. I believe the large credit unions are taking advantage of the situation and trying to operate like big banks, which is not right nor is it fair competition.

NCUA is overstepping its regulatory reach by expanding business lending loopholes; this proposal is contrary to congressional intent to limit business lending by credit unions. Congress made it clear that credit unions should be focused on consumer lending, not commercial lending and instituted restrictions on business lending deliberately: "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 NCUA Board has blatantly disregarded that congressional intent and should not try to undermine the specific limitations set by Congress nor expand the taxpayer liability.

NCUA has not established that it is prepared to supervise institutions with expanding business loan portfolios, and the credit union industry has proven ill-equipped to make such loans. At least five credit unions since 2010 have failed at the hands of poorly run business loan programs. Relaxing the regulatory standards is contrary to NCUA's charge of servicing the consumer and protecting the industry's insurance fund, and effectively places the taxpayer at risk. NCUA appears to be willfully ignoring regulations and lessons from their history by encouraging credit unions to divert funds from consumer lending to commercial lending.

Please reconsider this proposal to unleash tax-subsidized commercial lending by credit unions and play fair.

Sincerely,

Sheri Mikesell
Central Bank