

August 31, 2015

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

Re: Proposed Rulemaking for Part 723

Dear Mr. Poliquin,

I appreciate the opportunity to express and submit the following comments on the proposed amendments to Part 723 regarding member business loans.

It is my belief that credit unions that *are functioning in the manner in which they were intended*, are working to assist customers/members as a secondary alternative to banking in that they work together within the business entity to serve their employee population which are all in different stages, and have the opportunity of becoming much more in the future.

My husband and I come from a long ancestral line of credit union membership/availability. My husband has been a member of a local union for approximately 30 years now. At the time we initially joined the union, we signed up for many of the services offered thru the union one being a membership at the union's credit union. Since then our circumstances have changed as we have become more and more successful. However, early on, a credit union was a great alternative to banking. This worked very well for us, as we were just starting out and beginning to grow our family. For this period of time in our lives, the simplicity of a credit union was a great alternative.

Since that time, we have moved away from the credit union to a bank. Our needs have changed and the necessity of assisting other "members" has diminished over the years, as the allowance of "other" members has broadened and a feeling of regulatory abuse has increased.

Currently I work for a community bank here in the area. I have been with the bank for 16 years, and can definitely see a difference in banking at a bank vs. a credit union as our family has grown, and become more successful. Although the credit union option served a great purpose for our family at one time, it became apparent that as we became more self-reliant and successful, that we needed to make changes to an actual bank. I am grateful for the services provided by the credit union in our earlier years. It truly did assist its members in personal growth with minimal expense. Some of the triggers which caused us to make the change from credit union to bank were based off of these conclusions: a) our goals vs. their goals for us. b) inability to rely on their functionality due to inconsistencies, training, and knowledge, c) issues with account numbers (one account number served too many purposes.) d) only one location, business had to be done by mail if you were very far away.

Additionally, and in my more recent years of working professionally with credit unions, it is re-affirmed to me that some of their practices do not coincide with the typical training of a financial institution. Often time errors are made and are unable to be rectified without the assistance of several other employees becoming involved, and then it feels like a rule or conclusion could not be relied upon for future transactions. I don't say this to criticize, but to bring attention to the fact that anyone can suggest "change," but the industry, those working on the front line itself are not prepared for it. My basis for this is that the employees at multiple credit unions I have and continue to work with through my career have not had proper "banking" training and do not have an in depth understanding of financial institutional banking, terminology, and practices. It is not a question of one being superior over the other, merely for clarifying purposes only, as their function and purpose are different from each other. The same end result may happen, but thru different structure.

Ultimately, credit unions were never intended to replace the functionality and purpose of a bank. They were intended to enhance the lives of a very distinct and group of people, that shared the same circumstances where working together they could share in helping each other become successful. Not to provide services to those that are not a part of their original mission of who they were designed to assist. I believe it would be detrimental to the current members to push them into an environment and structure they have chosen to stay away from for whatever reason. Additionally, I believe it would pose a great risk to customers, financial institutions, etc. and could create additional failings of both banks and credit unions causing yet another critical impact on the economy.

You can't make a horse become a cat or visa versa just because you allow it to do different things. Their mentality stays the same and it should. I am not in favor of portions of the proposed rulemaking for Part 723 due to taxation issues, credit unions are exempted from the community reinvestment laws, the straying from the original intent of forming a credit union, the unfair direct competition with banks, irresponsible business lending by not requiring personal guarantee's; merely a free for all, no skin in the game approach, perfected collateral, no requirement for the borrower to have a minimum of 25% equity interest in a project development, and allowing the credit union to purchase an unlimited amount of business loans not made to a member of the credit union.

I would encourage the committee proposing this to look back at their grass roots, the original purpose credit unions were created, and consider all of the members they serve and why they stay with credit unions. If the desire to offer products that a bank offers is appealing, steps need to be taken to become a "bank." There should be no such thing as preferential treatment between banking and credit unions. Either you are a credit union or you are not, as well as you are a bank or you are not.

I appreciate your time and encourage you to take these items into consideration.

Thank You,

Lori Pullan