

# F&M BANK

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*"The Right Choice"*

August 26, 2015

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

RE: Comments on Proposed Rulemaking for Member Business Loans, Part 723.

Dear Mr. Poliquin:

I am writing to the National Credit Union Administration today to urge you to withdraw the proposal to "modernize" the NCUA's member business lending regulation.

I am an Officer at a small community bank based in Manchester, Iowa. I work in our commercial loan department, which focuses in lending to small to mid-sized businesses in our Communities. One of our biggest competitors in our market is the local credit unions. We find it extremely hard to compete with interest rates that the credit unions are able to offer, due to their tax advantages.

Credit unions receive extremely generous tax advantages, and in exchange for those advantages, credit unions have some limitations. For example, Congress set a cap for credit union commercial lending at 12.25% of total assets. Through various regulatory actions, the NCUA has created multiple exceptions to that rule, rendering the cap meaningless. In this proposed regulation the NCUA has decreed that non-member business loans and non-member commercial participations are exempt from the cap. Congress did not determine that these loans should not count against that cap. That part of the proposed rule is inappropriate. Making that kind of policy determination is a legislative function for Congress, not a regulatory function.

Credit unions receive tax and regulatory advantages because they once served "people of modest means." If the benefit of tax-advantaged credit is supposed to support low- and moderate-income individuals, why would the NCUA continue expanding lending opportunities to commercial entities? Instead, the NCUA should work to ensure that credit union branching patterns, product offerings and advertisements support their tax exempt mission of serving low- and moderate-income people. The taxpayers subsidizing the credit union industry should get a better return on their subsidy. Giving tax-advantaged credit to corporations is poor public policy, which is why Congress repeatedly denied the credit union industry's requests.

Thank you for taking the time to read my letter, and I hope you at least consider some of the points above.



Sara Stafki  
Commercial Operations Officer

Lino Lakes Office

Phone: 651-784-8000  
Fax: 651-780-8885

Vadnais Heights Office

Phone: 651-429-8000  
Fax: 651-483-4883

[www.fmbank.biz](http://www.fmbank.biz)

