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185 SOUTH STATE STREET, SUITE 201 · SALT LAKE CITY, UTAH 84111-1538 · T 801.364.4303 F 801.364.4495 · www.uba.org

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AUG2008 AM 7:51 BOARD

August 13, 2008

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: National Credit Union Administration; 12 CFR Part 723 Member Business Loans; 73 Federal Register 35977, June 25, 2008

Dear Ms. Rupp:

The Utah Bankers Association (UBA) is responding to the advanced notice of proposed rule published by the National Credit Union Administration (NCUA) concerning possible amendments to its Member Business Loan (MBL) regulations. UBA represents banks of all sizes and charters and therefore has particular expertise in the matters addressed in the proposed rule.

It is our opinion that the lowering of equity requirements for construction and land development loans and fleet financing; the expansion of involvement by credit union service organizations in business lending; and greater use of waivers, especially with regard to loan participations, would only increase risks in areas that neither the credit unions nor the NCUA have been constituted to manage effectively.

The fact that the NCUA would propose such a rule at this time given the risks that exist in the current marketplace only reinforces what Utah Bankers have come to understand about the NCUA. Our view of the NCUA was shaped by Federal District Judge Dale Kimball when he suggested that the NCUA was simply acting as a "rubber stamp" and a "cheerleader" when it came to regulating the membership of large, bank-like credit unions. It appears that the same can be said when it comes to your regulation of member business lending. However, in this case, the NCUA's ambition to promote its charter instead of regulate it will likely lead to its demise.

Credit unions were chartered to serve the credit needs of people of small means. The very structure of credit unions, especially as it relates to their accumulation of capital argues against your proposal and the associated risks. The fact that the NCUA is willing to risk the very survival of the credit union industry in order to allow some of the largest, bank-like credit unions to chase profits necessary to feed their appetite for growth confirms that the NCUA has far too little concern for the

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credit needs of people of lesser means. Sadly, for those who have watched your actions over the last 10 years, such as the GAO, key Congressional leaders, community activists, and even former leaders of the NCUA, this comes as no surprise.

In summary, we are opposed to the amendments to the MBL regulations. Such an unwarranted expansion of risk is inconsistent with the very underpinnings of the credit union charter and hardly compatible with NCUA's responsibility as the administrator of a federal deposit insurance fund.

Sincerely,

Howard M. Headlee
President