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MAY10'05 PM 2:24 BOARD

May 3, 2005

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

Dear Mary,

I am writing in response to the proposed change the NCUA is considering in regard to construction and development lending by Credit Unions. I am a business lender with Central Minnesota Federal Credit Union. CMFCU has been providing these services to its members for many years. I feel that to broaden the definition of what is considered construction and development would negatively impact our ability to serve our communities. The broadened proposal could potentially prohibit us from helping our existing members maintain or improve their properties.

We operate in rural communities with a high percentage of small businesses and agricultural entities. We have been providing C & D loans to these members since our inception in 1938. To reduce our portfolio within the current limits allowed would be difficult not only for CMFCU, but also the members. Many of our members have built a strong, trusting personal and business relationship with us and to withdraw from that could be detrimental to the success of their businesses. This would not be "people helping people".

We have qualified lenders to provide this type of service as proven by our history of being consistently below the peer in charge offs to average loan ratio. Our charge offs for Member Business Loans is consistently less than our charge off ratio for consumer loans. In addition to our positive track record we have consistently received CAMEL 1 ratings, employ outside companies to come in and review our portfolio, have provided training to NCUA examiners and have continuing education to keep abreast of lending procedures and practices. I believe that Credit Unions with as much history as CMFCU should not be regulated under the same parameters as those newly engaged in or considering becoming engaged in this area of lending.

There is risk involved in every aspect of lending, however, with the proper experience, staff, underwriting, procedures, capital and reserve requirements, and monitoring these risks are greatly minimized. We feel that our credit union has provided for all of these areas of risk and that we should have the support from NCUA to continue providing our small businesses with the services they have grown to trust.

Thank you for your time.

Sincerely,


Nancy A. Stoermann