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MAY16'05 AM 8:20 BOARD

May 6, 2005

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

Dear Mary,

Recently, I became aware of some proposed changes to regulation 723 regarding the definition of construction and development lending. Central Minnesota Federal Credit Union's ability to achieve our vision: "United to Serve Members and Community" would be negatively affected if the proposed changes were approved.

I have been an employee of Central MN Federal Credit Union for over 14 years. During this time, I have seen our Credit Union grow in many ways. While many things have changed, our commitment to meeting our member's needs has not, which over this time period has included making business and agricultural loans for the purpose of helping members improve their businesses.

As Retail Lending Manager, I see the proposed changes as harmful to both our Credit Union and the communities we serve. In recent years, we have added branch offices in several new communities. All of these communities have great potential for the expansion of residential housing. One example of this potential is in St. Joseph, MN. This particular community has several new residential developments in process and another very large development being proposed to the city council. The new proposed development alone is expected to increase the size of the city by two-thirds over the next 12 years. NCUA's proposed regulation will hinder our ability to secure both residential real estate and commercial loans in this community as well as the other communities we serve.

Today, much of our new business comes to us by word of mouth. Local real estate agents refer both commercial and residential real estate loans to our Credit Union because of our prompt, competitive, and consistent lending approach we deliver to their clients. A change to this rule would greatly affect current and future relationships. Many of the members we serve in the retail lending arena also have business relationships with us. Loss of these business relationships would jeopardize our retail lending function as well.

As with all types of lending, construction and development loans carry a number of risks. I recognize NCUA's concern regarding this type of lending because of the different risks associated with it. However, as with any type of lending, these risks can be mitigated by properly underwriting and monitoring these loans rather than eliminating them.

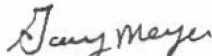
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Our Credit Union has been doing agriculture and business lending since 1938. During my time with CMFCU, I have witnessed our staff, policies and procedures to evolve to affectively accommodate and manage this area lending while mitigating risk. CMFCU has many highly educated and experienced lenders working with agricultural and business lending.

Our Credit Union has recognized the risks associated with business lending and more particularly with construction and development lending. Because of these types of loans we have consistently maintained a high level of capital. While business lending may pose different risks than other types of lending, it helps us maintain a more balanced loan portfolio. A healthy loan portfolio includes consumer, real estate, and business loans. With the highly competitive nature of consumer and real estate loans, our involvement in business loans gives CMFCU a competitive advantage in many products and services. The proposed changes would encompass a considerable portion of our existing loan portfolio and adversely affect our ability to serve our members.

Central MN Federal Credit Union has been serving the local business and agricultural communities with a wide variety of products and services for over 65 years. This new rule would not only have a major impact on our Credit Union's future but our member's as well. This new rule would give local people fewer options and in many cases would slow the growth of our local economy. Thank you for your consideration in this very important matter.

Sincerely,


Gary Meyer