

56

I am a Business Loan Officer for Central Minnesota Federal Credit Union, and I am writing this letter in response to NCUA's proposed changes in the definition of Construction and Development lending as it pertains to regulation 723. Our credit union has offices in smaller towns that are experiencing some growth, and there are small businesses in the area look to us for financial help to grow and expand their businesses. A lot of these businesses are farmers that we serve. These proposed changes would adversely affect our ability to meet members' needs.

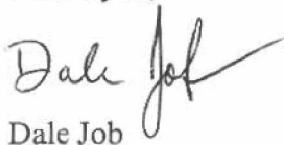
Central Minnesota Federal Credit Union has been offering construction and development loans to its members since we started in 1939. Both agricultural and commercial loans have been a vital part of our service to members. We do offer a lot more services than most credit unions, and we have been able to do so successfully. We have consistently received a CAMEL 1 rating, and continue to make improvements to ensure we are limiting risk through detailed underwriting and loan monitoring. Our charge off's for Member Business Loans are consistently less than any other loan type and our peers (including community banks). For these reasons, I feel a documented charge off history for business loans should be considered on the basis of each individual credit union, not all of them as a whole.

With lending, there is always risk, however, construction and development loans are not always more risky than other types of loans we underwrite. We do work with Small Business Administration (SBA) loans, along with Farm Service Agency (FSA) and United States Department of Agriculture (USDA) loans as well. The definition of construction and development loans should be modified to exclude these loans. Also, the definition should be clarified to take into account what improvements would be considered as construction and development. Improvements vary a lot from cosmetic improvements such as painting, to adding onto a building, to expanding with a whole new facility. There should be a distinct difference between maintenance, improvements, and development.

As a lender at Central Minnesota Federal Credit Union, I believe strongly in the philosophy of people helping people. There is a great amount of satisfaction for me in doing my job when I am able to help people expand and grow their business.

I appreciate the opportunity for input on this issue.

Thank you,


Dale Job

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