



MAY09'05 PM 1:55 BOARD

May 5, 2005

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

Dear Mary,

I am a business lending loan processor at Central Minnesota Federal Credit Union in Melrose, Minnesota, writing with concerns regarding the proposed changes to Regulation 723 regarding construction and development lending. At Central Minnesota Federal Credit Union, there is a concentrated commitment to member business lending. We have offered member business loans since 1938, when Central Minnesota Federal Credit Union was first chartered.

With over 60% of our total loan portfolio in agricultural and commercial loans, our business owners depend on us for funds to make improvements and routine maintenance for any small business. When items such as painting, replacing furnaces, cooling equipment, doors and the like are considered construction and development loans under the proposed change to Regulation 723, we are severely restricted in serving our member business lending needs.

Small businesses in numerous rural communities nationwide depend on their local credit unions to meet their business lending needs. Restrictive changes to regulations of this nature may seriously inhibit our member's from obtaining financing for normal business improvements from their community credit union when NCUA defines them as higher risk loans that are limited to such an extent.

As an employee of one of the most stable credit unions in America, I am asking that NCUA reconsider this change in regulation 723 as it negatively affects the credit union movement's philosophy of people helping people.

Thank you for your consideration in this matter.

Sincerely,

  
Deb Hoeschen