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June 6, 2005

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration

Madame Secretary:

I would like to take just a bit of your time to express my concerns about the proposed change in the construction and development portion of the business lending regulation and also just a bit of time to voice my concerns on the opinion letter dated September 25, 2003.

To be very honest with you I had not read the the opinion letter until just lately when I heard the concerns of my fellow CEOs after they had an exam and were alerted to the letter. I had always thought the regulation was straight forward and thought that I understood what it meant. Obviously my "opinion" of the definition and the official opinion of the definition are two different things and I would encourage the NCUA board to review the opinion and the original intention of the regulation to determine if the opinion matches the intent.

I am even more concerned with the proposed regulation because I am very concerned that construction and development is getting mixed up with improvements, maintenance and the cost of doing business. Let me try to explain.

The current regulation in the definition section speaks about the intent to convert it to or improve it as income producing property. To me that would mean, for example: a member bought a building to remodel and lease the space to various vendors and the property would produce the income through rent. However, in the opinion letter it appears that the cost of doing business is also considered to be a income producing property. I would think if a member who had an established business bought a building that was formerly a grocery store and put a little money into it for remodeling to expand their

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hardware store business the property would not be income producing or speculative, the products that the store owner sells would be income producing and the building would actually be an expense or cost of doing business. Or if the member had the hardware store for several years then put a new roof on it I would consider that a cost of doing business not for income producing purposes, but it appears in the new proposed regulation that would be covered as a construction and development loan too.

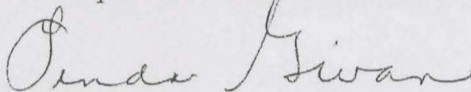
Our credit union works with many, many farmers and small business people who are always doing something that improves our collateral. If this new regulations is adopted they would literally have to wait in line for the credit union to be able to fund their improvements to their business. It just would not work and they would go elsewhere; which would negatively impact the earnings of the credit union. Another example would be putting up a bin for grain storage. This usually happens when there is a bumper crop or the farm program is such that it is to the farm families advantage to store the grain and that normally means a lot of farmers doing the same thing at the same time. Even tiling land would probably fall under this regulation.

Another example would be the farmer who needs a new roof on a machine shed, under the proposed regulation it appears that would have to be classified as a business and construction loan.

These are just a few of the examples, I am very concerned that the way the new regulation is worded that the risky and speculative loans that NCUA is trying to limit will inadvertently cause credit unions to not be able to to have an ongoing business relationship and property improvement loans with their members. I always encourage our members to keep up their business property, it is good for their business if they are maintaining their properties and it is ultimately good for the credit union.

I am thanking you in advance for your careful consideration of the potential negative affects of this regulation on federally insured credit unions that are helping the typical family that is in business or is farming not for speculative purposes but to make a modest living.

Sincerely,
Co-op Credit Union of Montevideo



Linda Givan
President