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MAY06'05 PM 2:32 BOARD

May 3, 2005

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

Dear Ms. Rupp,

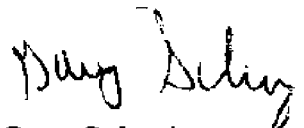
I have been a loan officer with Central Minnesota Federal Credit Union (CMFCU) for 3½ years and prior to that I was a loan officer for 4½ years at a bank. During this time I have had many hours of training for the proper underwriting of Member Business Loans. With the appropriate training, Member Business Loans and more specifically Construction and Development loans can be written with minimal risk and they can be an integral part of a credit unions loan portfolio.

The proposed changes to the definition of Construction and Development will have a negative impact on CMFCU. We have offered this service to our Members since our inception in 1938. If we are unable to offer this service, members will be forced to go to banks where the fees are typically higher. This will also limit our ability to get deposit accounts as banks typically require businesses to have their deposit accounts at the same place they have their loans. All in all, members will suffer.

Currently CMFCU is the largest agricultural lending credit union in the nation and the 12<sup>th</sup> largest member business lending credit union. At CMFCU loan officers are required to have two years experience to write Member Business Loans. Our charge off ratio for Member Business Loans is consistently less then our charge off ratio for consumer loans. Also, our charge off's to average loan ratio is consistently below peer despite our high levels of Construction and Development loans. We have consistently received CAMEL 1 ratings despite having Construction and Development loans in our loan portfolio.

It would be unfair to treat all credit unions the same on this issue. Rather is should be based on a credit unions history and experience with Member Business Loans and more specifically Construction and Development loans. CMFCU's lending expertise is appropriate for the types of loans we write and we should be able to continue to write Construction and Development loans like we have in the past.

Sincerely,



Gary Schmitz  
Loan Officer