

As a member of the credit union, and a Loan Officer at Central Minnesota Federal Credit Union, I am writing in response to the proposed changes by the NCUA regarding the definition of Construction and Development lending as it pertains to regulation 723. If these changes are made, it will impact our Credit Union's ability to serve our current and potential members in a negative way. If we are not able to sufficiently serve our members, we may lose their business to our competitors.

Central Minnesota Federal Credit Union is a community credit union located in a rural area. We have many members who are farmers, and small business owners. The proposed definition will negatively impact our ability to help these members, and may negatively impact the member's ability to run their business and farm. They might have to look else where for financial lending, or might not be able to make improvements that will allow them to stay competitive in their industry.

When examining the loans that one grants, they look at the risk they are taking on for their institution. Adopting a Member Business Loan rule indicates there is a higher risk in this type of loan, and the adoption of the definition of "Construction and Development loans" as a subset of Member Business Loans suggests an even higher risk level. The proposed definition is so broad it suggests a much higher level of risk exists in these loans than in the vast majority of loans that fall under this definition. As a credit union, taking on and managing risk is an ordinary part of the business. One cannot totally eliminate risk when it comes to making loans.

The broad definition of construction and development lending will create difficulty in determining what falls into the category of construction and development. How will one determine what type of property and building improvements will be considered a construction and development loan? Will improvements such as a new roof, or new siding be considered part of the construction and development loan portfolio? Are cosmetic improvements such as painting, new carpet, and landscaping construction going to be required to consider with existing and new credit? The broader definition leaves too much for debate when it comes to what falls into the category of a construction and development loan.

Considering the hindrance the new definition of construction and development loans will put on the ability of the of the credit unions to do business, I am opposed to the

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proposed amendments to the definition of construction or development loans to include loans for renovating or developing property already owned by a borrower.

I would like to thank you for taking the time to hear my concerns regarding the issue at hand.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Fuechtmann", written in a cursive style.

Joe Fuechtmann