

82

MAY10'05 PM 2:23 BOARD

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

RE: Regulation 723

As a member and an employee of Central Minnesota Federal Credit Union, I am writing in response to the proposed changes to the definition of Construction and Development Lending, Regulation 723. I feel that if the proposed changes happen, it will hinder the ability to serve our members. We are located in rural Minnesota and have eight offices in the surrounding communities. The people and their small businesses depend on our ability to serve them. Our vision statement says "United to Serve Members and Community." The proposed changes would restrict us from serving some of the members in our very own field of membership.

Construction or development lending does assume some risk but the normal day-to-day operations will always involve managing risk. There is no way to entirely eliminate the risk involved with lending. The best way to eliminate risk is to have experienced and qualified lenders. We have those qualified lenders at the credit union that use proper underwriting and use the systems in place to manage risk to the best of their ability. Currently, our credit union is restricted on the cap of 15% of net worth on construction or development loans and the proposed regulation would further bind our hands to not be able to offer our members the lending services that they require.

I would like to thank you for this opportunity to share my view on this proposal. Being an employee of a credit union, I see the importance and urgency to express my opposition to this issue that will not only affect our credit union, but also the members and communities we serve.

Sincerely,



Ryan Davidson