

21

May 5, 2005

Ms Mary Rupp, Secretary of the Board  
NCUA  
1775 Duke Street  
Alexandria VA 22314-3428

Dear Ms Rupp:

I am a member and an employec of Central Minnesota Federal Credit Union and I **strongly oppose** changes to MBL regulations Part 723 including the definition of a construction and development MBI.

Our membership consists of a large number of "little guy" sole proprietors in addition to large corporate borrowers. We are a community credit union in a rural area and have been serving construction and development loans since 1938. CMFCU helps these members in many ways serving as a one-time shop with credit cards, home equity loans, cash out refinances, lines of credit and ready reserve loan. Under the new definition, the entire balance of any of these types of credit would be identified as a construction and development loan even if only a small portion were used for an improvement. If this would happen, our small business member would have to search for other means of lending and we would lose them to banks. The banking industries are turning their focus away from the theses types of businesses. The credit union philosophy has always been "people helping ppeople." Our vision statement reads "united to serve member and community" and our mission statement reads "CMFCU is a member owned, service driven, financial solution center."

As a credit union that has lending capabilities, part of lending is taking on and managing risk, not to eliminate it entirely! CMFCU exceeds the 15% of net worth limitation on construction or development loans. Any change to expand the definition will result in more limitations and our ability to meet our member's needs. As a percentage of our total loan portfolio, agricultural and commercial loans have grown from 43% in 1988 to over 60% in 2005. Many of these loans also qualify as construction or development loans. Our commitment to the agricultural and commercial has been consistent and long running.

CMFCU has a well trained staff and board and we go beyond by having outside auditing on our files. We have consistently received a CAMEL 1 rating. We keep our charge off's low despite our high levels of construction and development loans. Our charge off ratio for MBI, is consistently less than our charge off ratio for consumer loans.

PLEASE, reconsider changes to MBI. regulations Part 723. Don't change the reputation we have with our members and community which we have worked so hard to build!

Sincerely,  
*Susan M. Shay*  
Susan M Shay