

September 25, 2014

Gerard Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Rulemaking for Part 701, FCU Ownership of Fixed Assets

Thank you for the opportunity to comment on the proposed amendments to the regulation governing federal credit union (FCU) ownership of fixed assets. Genisys Credit Union is pleased to see that the NCUA is reviewing this regulation.

We understand the need for regulation to inhibit federally insured credit unions from engaging in property speculation. We do encourage the Board to consider some additional leniency in terms of undeveloped property retained in fixed assets.

Credit unions frequently open branches in the leased locations until a sufficient membership and asset base is developed to justify relocation to a freestanding facility. While that base is being developed, vacant property may be acquired for future branch development in the same market. Current regulation requires that undeveloped land be partially or fully occupied within certain time deadlines. If the property is not occupied by the credit union, it is possible that the credit union will be required to divest the property.

We urge the Board to consider alternatives to this rule that would provide credit unions more flexibility in retaining undeveloped property in fixed assets provided that the book value of all undeveloped properties does not exceed a defined percent of net worth. We would suggest a limit of 2.5% to 5.0% percent. We agree that each credit union should develop a fixed asset policy to clearly establish the intent of developing vacant properties for delivering credit union services to members.

The time requirements currently in place could force a credit union to choose between a) building a branch before it can be adequately justified by the current branch and market potential; or b) having to divest itself of property that still has a viable potential future use for the credit union.

Thank you for your consideration.

Sincerely,



Thomas H. Alter
Senior Vice President, Research & Development