



October 10, 2014

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

**MA, NH, RI Comments on Notice of Proposed Rulemaking on FCU Ownership of Fixed Assets-12 CFR Part 701**

**BY EMAIL ONLY**

Dear Secretary Poliquin:

On behalf of the member credit unions of the Massachusetts Credit Union League, Inc., the New Hampshire Credit Union League and the Credit Union Association of Rhode Island (“Leagues”), please accept this letter of comment relative to the National Credit Union Administration’s (“NCUA”) notice of proposed rulemaking governing fixed assets. Collectively, the Leagues are the state trade associations, serving over 200 credit unions who further serve approximately 2.6 million consumer members, and operating as part of the Credit Union National Association.

The proposed rule seeks to advance the spirit of Presidential Executive Order 13579, which provides that the NCUA should consider modification, streamlining, expanding, or repealing existing regulation to make programs more effective and less burdensome. The Leagues applaud this approach and commend the NCUA for issuing the proposed notice of rulemaking. The reduction of the regulatory burden remains paramount and the pending proposal is another step to achieving that goal. More specifically, the Leagues note that the issuance of the proposed rule is prompted by substantive comments received by the NCUA during a previous comment period and underscores its commitment to provide regulatory relief opportunities wherever possible. Finally, the proposed rule reflects the regulatory flexibility under the former RegFlex program which the Leagues strongly support.

**Investments Exceeding 5% of Shares and Retained Earnings Without Advance Regulatory Approval-701.36(c)**

The proposed removal of the existing waiver for those federal credit unions in excess of \$1 million in assets to exceed the 5% aggregate limit on fixed asset investments is welcomed. The Leagues support the authority of credit unions to manage fixed asset allocations and encourage the NCUA to broaden, to the fullest extent possible, the requirements of any fixed assets management program to ensure that its operation is not simply tantamount to the administration of the current waiver program. The Leagues believe that boards of directors and management of well capitalized and well

managed credit unions should have the flexibility to make their own determinations to manage growth in fixed asset investments to serve members.

**Partial Occupancy Requirements for Premises Acquired for Future Expansion-701.36(d)(2)**

The Leagues support the provisions of the proposed rule that seek to simplify the partial occupancy requirement by requiring occupancy on improved premises within five (5) years representing an increase from the current three (3) year period. No compelling safety and soundness reason appears, however, to reduce the period by one year for unimproved property. The Leagues encourage sufficient flexibility to permit credit unions to maximize the availability of and improvements to property.

**Investments in Real Property-701.36(c)(2)(iii)**

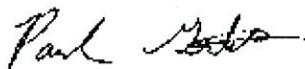
Requirements of the proposed rule relative to the future marketability of premises as part of a fixed asset management program are of concern to the Leagues. Caution is requested to ensure that such requirements are not a barrier to the delivery of credit union service. Our credit unions have a demonstrated track record of stepping forward to fill voids in communities created by the departure of banks and access to financial services in gateway communities. The value of real property and fluxuations within economic cycles that are properly managed should not override sound business decisions relating to credit union mission and service.

**Impact on State Chartered Credit Unions**

The Leagues note that the proposed rule possesses implications for state parity with federal credit union authorities. All of our state laws have such parity provisions. NH RSA 394-B:52-a (advantageous federal powers-New Hampshire); RIGL 19-5-25 (exercise of same powers as federal credit unions-Rhode Island) and M.G.L. C 171, s.6A (powers and permissible activities; regulations-Massachusetts). Moreover, plans are underway in Massachusetts for revisions to parity provisions and a comprehensive state regulatory review is expected in the beginning of 2015. At present, the NCUA fixed asset rule is the basis for current parity authority found at 209 C.R.R. 50.11(4) (f)(investments in land, building, improvements and equipment) and changes to the NCUA provisions are eligible for consideration under the state rules.

Thank you for your consideration of these views. The Leagues appreciate the opportunity to provide input on such an important topic and I remain available to address any questions or concerns at 1.800.842.1242 that you or your staff may have at your convenience.

Sincerely,



Paul C. Gentile  
President/CEO

PCG/mabc