FEDERAL CREDIT UNION

June 1, 2010

Ms. Mary Rupp, Secretary
National Credit Union Administration
1775 Duke St
Alexandria, VA 22314

Ms. Rupp,

I wanted to take time to comment on the potential removal of the Reg Flex Fixed Asset exemption limit. The necessity of credit unions to remain competitive and give them the ability to increase exposure/presence and reduce expenses works against the limit.

Our credit union is in the process of building a new headquarters/branch at a site that will give us significantly added convenience and exposure to potential members. The capital outlay and estimated expenses were thoroughly modeled so we could see the potential affects against our balance sheet and income statement. As a Reg Flex credit union, I just needed to make a call to our examiner after our due diligence was completed to move on with the project.

In regards to expense reduction, many credit unions whose main data processor is a service bureau currently have no assets on the books for this purpose. They simply pay a monthly fee to the service bureau instead of housing the equipment on-site. When and if a credit union makes the Board/Management decision to move to in-house data processing the capital outlay shows as an asset on the books. This outlay, potentially beneficial to the credit union, should not be looked at as a poor idea or an examiner issue.

I'm not suggesting that there shouldn't be a limit at all; maybe 7% to 8% would be more agreeable. I think that it comes down to the management of the credit union and if they have done the necessary analysis. All this should be expected in a credit union that is rated a 1 or 2.

Thanks for your attention,

Mark A. Lauer
Chief Executive Officer

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