

## **BOARD ACTION MEMORANDUM**

**TO:** NCUA Board

**DATE:** March 6, 2015

**FROM:** Office of Examination and Insurance and  
Office of General Counsel

**SUBJ:** Proposed Rule – FCU  
Ownership of Fixed Assets, §701.36

**ACTION REQUESTED:** Board approval to issue the attached proposed rule regarding federal credit union (FCU) ownership of fixed assets.

**DATE ACTION REQUESTED:** March 19, 2015.

**OTHER OFFICES CONSULTED:** N/A.

**VIEWS OF OTHER OFFICES CONSULTED:** N/A.

**BUDGET IMPACT, IF ANY:** None.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBERS:** D. Scott Neat, Director, Division of Supervision; Jacob McCall, Program Officer, Office of Examination and Insurance; and Pamela Yu, Senior Staff Attorney, Office of General Counsel.

**SUMMARY:** The proposed rule amends NCUA's regulation governing federal credit union (FCU) ownership of fixed assets. To provide regulatory relief to FCUs, the proposal eliminates a provision in the current fixed assets rule that establishes a five percent aggregate limit on investments in fixed assets for FCUs with \$1,000,000 or more in assets. It also eliminates the provisions in the current rule relating to waivers from the aggregate limit. The proposal also makes conforming amendments to the scope and definitions sections of the rule to reflect this proposed approach, and it amends the title of §701.36 to more accurately reflect this amended scope and applicability.

In addition, the proposal simplifies the fixed assets rule's partial occupancy requirements for FCU premises acquired for future expansion by establishing a single six-year time period for partial occupancy of such premises and by removing the 30-month requirement for partial occupancy waiver requests. In July 2014, NCUA issued a proposal regarding the fixed assets rule that addressed, among other things, the partial occupancy provisions of the fixed assets rule, but the agency did not finalize that proposal. This proposal incorporates similar partial

occupancy amendments that were proposed in July 2014. However, the new proposal provides six years rather than five years for FCUs to partially occupy improved or unimproved property.

**RECOMMENDED ACTION:** Board approval of the attached proposed rule.

**ATTACHMENT:** Proposed rule.