

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: July 2, 2015

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

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

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

DATE ACTION REQUESTED: July 23, 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 final rule amends NCUA's regulation governing federal credit union (FCU) ownership of fixed assets. To provide regulatory relief to FCUs, the final rule 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. With this elimination, provisions regarding waivers from the aggregate limit are no longer relevant, so the final rule also eliminates those provisions. Instead of applying the prescriptive aggregate limit provided by regulation in the current fixed assets rule, under the final rule, NCUA will oversee FCU ownership of fixed assets through the supervisory process and guidance.

The final rule also makes conforming amendments to the scope and definitions sections of the current fixed assets rule to reflect this modified approach, and it revises the title of §701.36 to more accurately reflect this amended scope and applicability. In addition, the final rule simplifies the current 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 all premises and by removing the 30-month requirement for partial occupancy waiver requests.

RECOMMENDED ACTION: Board approval of the attached final rule.

ATTACHMENT: Final rule.