

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: March 22, 2016

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

SUBJ: Proposed Rule – FCU
Occupancy, Planning, and Disposal
of Acquired and Abandoned
Premises; Incidental Powers

ACTION REQUESTED: Board approval to issue the attached proposed rule.

DATE ACTION REQUESTED: April 21, 2016.

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) occupancy, planning, and disposal of acquired and abandoned premises, and its regulation regarding incidental powers. To provide regulatory relief to FCUs, the proposal eliminates a requirement in the current occupancy rule (formerly referred to as the fixed assets rule) that an FCU must plan for, and eventually achieve, full occupancy of acquired premises.

The proposal generally retains the current regulatory timeframes for partial occupancy. However, it modifies the definition of “partially occupy” to mean occupation and use, on a full-time basis, of at least fifty percent of the premises by the FCU, or by a combination of the FCU and a credit union service organization (CUSO) in which the FCU has a controlling interest in accordance with Generally Accepted Accounting Principles. CUSOs must use the space primarily to support the FCU or to serve the FCU’s members.

The proposal also amends the excess capacity provision in NCUA’s incidental powers rule to clarify that an FCU may lease or sell excess capacity in its facilities, but it need not anticipate

that such excess capacity will be fully occupied by the FCU in the future. However, the sale or lease of excess capacity in equipment or services, including employee-sharing and data processing for third parties, continues to be limited to circumstances where an FCU reasonably anticipates that such excess capacity will be taken up by the future expansion of services to members.

RECOMMENDED ACTION: Board approval of the attached proposed rule.

ATTACHMENT: Proposed rule.