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October 3, 2014

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

VIA ELECTRONIC DELIVERY: regcomments@ncua.gov

RE: Minnesota Credit Union Network's Comments on Proposed Rulemaking for Part 701, Federal Credit Union Ownership of Fixed Assets

Dear Mr. Poliquin:

Please accept this correspondence as commentary concerning the National Credit Union Administration's (NCUA's) recently issued proposed rule to remove the waiver requirement for federal credit unions (FCU's) that exceed the five percent aggregate limit on investments in fixed assets. The Minnesota Credit Union Network (MnCUN) appreciates the opportunity to comment on this proposed rulemaking. By way of background, MnCUN represents the interests of Minnesota's 130 credit unions and their 1.6 million members.

MnCUN commends the NCUA for its commitment to streamlining regulations to prevent unnecessarily burdensome regulation, and specifically in regards to the fixed asset proposed rule by responding to requests for substantive changes made during the previous comment period for technical amendments.

MnCUN appreciates NCUA's intent to create flexibility in managing FCUs' fixed assets. MnCUN supports the proposed rule and agrees that it creates regulatory relief for FCUs by permitting them flexibility in managing their own fixed assets that exceed the five percent aggregate limit through an appropriate fixed asset management (FAM) program and associated policies.

While we applaud NCUA for its efforts in relieving regulatory burden on FCUs regarding fixed assets, we would offer the following suggestions for consideration.

§701.36(c)(2) – Board oversight: generally

One suggestion for consideration is broadening the parameters of an FCU board's delegated authority for the minor acquisition of fixed assets, and eliminating the parameter regarding equipment so as to include other minor acquisitions in the normal course of business. So long as the FCU's board has delegated the authority and determined prudent acquisition parameters, it seems appropriate to permit a broader range of items that may fall within the normal course of business.

555 Wabasha Street North
Suite #200
St. Paul, MN 55102

Phone:
(651) 288-5170
(800) 477-1034

Fax:
(651) 288-5171

Web Site:
www.mncun.org

§701.36 (c)(2)(iii) – Board oversight: investments in real property

We would suggest NCUA consider eliminating the future marketability of the premises requirement as part of the board's consideration for the overall FAM program for real estate investments. A reason to consider this elimination is that a FCU's determination for providing a branch in a particular area will first be motivated by serving its membership, which for credit unions serving underserved populations in particular, may be contrary to a real estate property's prospects for future marketability, likelihood of resale or gaining value over time.

§701.36(d)(2) – Internal controls: premises for future expansion

MnCUN also supports the spirit of the portion of the proposed rule to simplify the partial occupancy requirement for premises acquired for future expansion by requiring partial occupancy within five years to demonstrate that the FCU will fully occupy the premises within a reasonable time. However, we suggest that this portion of the proposed rule could be further broadened to create even greater flexibility and relief for FCUs. We suggest elimination of the full occupancy requirement and, in the alternative, that it be modified to impose "substantial occupancy" within a reasonable period of time consistent with an FCU's usage plan, which may or may not occur within a five year period. We suggest this change carry with it the same parameters as the overall FAM program requirements, requiring board analysis and associated policies. Should the full occupancy requirement be removed or otherwise amended, such change would also eliminate the need for a waiver request.

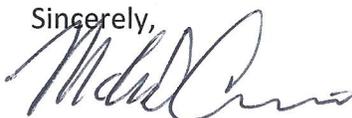
Clearly, such a program would continue to be subject to supervisory scrutiny for ongoing safety and soundness, however, such a revision would create additional flexibility and room for unique circumstances in which the FCU's full occupancy of a real property location may not be the best result for the FCU, and in turn, its members.

FCUs should be expected and required to clearly document the board's analysis of the FCU's purpose for delayed or less than full occupancy, so long as such analysis is included in a FCU's overall FAM program, or a stand-alone real estate usage program, that has been analyzed and considered by the Board.

The above expansion suggestions are in-line with Chairman Matz's quoted philosophy regarding this topic, as she remarked in the August 2014 NCUA Report, "[o]ur intent is to allow federal credit unions to manage their own fixed-asset purchases without having to seek permission or waivers from NCUA." Thank you for taking into consideration MnCUN's commentary regarding this proposed rule.

If you have any questions about our comments, please do not hesitate to contact us at (651) 288-5170.

Sincerely,



Mark Cummins
President & CEO



John Wendland
General Counsel