fairmont federal
CREDIT UNION

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October 9, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria VA 22314-3428

RE: Comments on Notice of Proposed Rulemaking for Part 701, FCU Ownership of Fixed Assets

Dear Mr. Poliquin:

On behalf of Fairmont Federal Credit Union, a $300 million community chartered credit union serving 38,000 members, we commend the NCUA Board for proposing to remove the waiver requirement for FCUs to exceed the five percent aggregate limit on investments in fixed assets. Such action will provide FCUs much needed flexibility and latitude when developing strategic plans for growth, replacing outdated property and equipment, enhancing member service, and meeting member demands. Having direct experience with the waiver process, we can say that requesting a waiver is not difficult or cumbersome, but operating under a waiver presents new challenges when trying to ensure building project overruns and new software and equipment acquisitions do not exceed the newly imposed cap. In order to avoid having to go back to NCUA for additional waivers, future purchases may be delayed, which can have an adverse impact on growth and member service. For these reasons, we feel strongly that eliminating the 5% limit will alleviate the pressures of managing fixed assets against an arbitrary cap.

We are proponents of the proposed requirement for FCUs needing to exceed the 5% limit to implement a Fixed Asset Management (FAM) policy and program. We view this new requirement as a fair trade-off for eliminating the 5% cap. Fairmont Federal Credit Union's management will take full responsibility for developing and implementing a safe and sound Fixed Asset Management program.

As for the proposed changes to the partial occupancy rule, we would prefer that there would be no time limit for partially or fully occupying the premises as we believe the same flexibility for managing fixed assets should apply to future expansion acquisitions. A five-year time frame may not always be sufficient as many internal and external factors can impact a FCU's strategic expansion plans such as liquidity needs, changes in property values, a downturn in the local economy, a shift in the area's business development, or the loss of a major employer, to name a few. We believe that FCUs should have latitude to modify their strategic plans when necessary and removing the mandatory occupancy time frames will allow FCUs to adjust to changing times and needs. The management of fixed assets for future expansion can and should be incorporated into any sound FAM program. For these reasons we suggest that the time frame for partial occupancy be eliminated as well as the need to request a waiver for an extension for time for partial or full occupancy.

We appreciate the opportunity to comment on this proposed rule change and believe that providing FCUs with greater flexibility to acquire, hold, occupy and dispose of their fixed assets in a safe, sound and responsible manner coincides with the spirit of Executive Order 13579 and NCUA's stated objective to provide regulatory relief to credit unions.

Sincerely,

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