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October 11, 2014

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

Re: Comments on Proposed Ownership of Fixed Assets

Dear Mr. Poliquin:

The Carolinas Credit Union League (CCUL), a trade association representing the interests of 160 credit unions in North and South Carolina, appreciates the opportunity to comment on NCUA's proposed rule, "Ownership of Fixed Assets." CCUL understands that credit unions are more than financial institutions; they are community institutions built on a philosophy of people helping people. With that in mind CCUL works to protect and advocate for credit unions that provide financial services to their member owners.

CCUL supports NCUA's ongoing initiative to reduce the regulatory burden on credit unions and considers the proposed ownership of fixed assets rule a step forward. CCUL agrees with NCUA's proposed rule in general, yet has concerns about the fixed asset management plan.

Fixed Asset Management Plan

CCUL sees favorably the elimination of the waiver process and return of fixed asset management to credit unions. Though the waiver process would be eliminated, the amount of work required by a credit union would merely shift from approval before purchase to satisfaction of an examiner's subjective review after the fixed asset is purchased. This subjective review has the potential to cause significant exam issues, resulting in divestiture of assets, increased documents of resolution, or both. CCUL recommends that NCUA add to the proposed rule an appeals process that includes credit union representatives. We also recommend that in the appeals process, a credit union is granted rebuttable presumption for purchase of a fixed asset.

CCUL requests that NCUA consider eliminating information technology fixed assets from the fixed asset ratio. Today's environment demands credit union vigilance to protect member information. Reputation risk for a hacked credit union holds potential for severe impact on its safety and soundness. CCUL believes that eliminating information technology fixed assets from the fixed asset ratio will permit credit unions to make quicker decisions and better protect member information as a result.

Partial Occupancy

CCUL agrees with NCUA's proposal to simplify the partial occupancy rule by establishing a single five-year timeframe of any premises, either improved or unimproved. Simplifying rules makes it easier for credit unions to monitor and comply with regulations. We approve of NCUA's decision to eliminate the specific (30 months) waiver request for partial occupancy. Doing so provides credit unions flexibility for improvements

and construction since both are subject to delays beyond the credit union's control. However, CCUL recommends that NCUA define partial occupancy as that point in time when a credit union begins to utilize the premises.

Future Guidance

The proposed rule includes NCUA's plans to issue guidance for complying with proposal. CCUL agrees that guidance can provide valuable insight on how the agency intends to apply specific requirements of the rule to credit unions. However, experience has shown that guidance translates to requirements during an examination. Therefore, CCUL recommends that the agency permit comments on the proposed guidance.

Summary

CCUL is encouraged that NCUA recognizes that a one size fits all rule does not work in most situations and that credit unions must have the flexibility to grow according to the uniqueness of their membership and products and service that best meet the needs of members. We urge NCUA to continue its efforts to reduce regulatory burden and as Chairman Matz indicated stop micro managing credit unions.

Thank you for the opportunity to comment on this proposed rule and for considering our views on the ownership of fixed requirements.

Sincerely,

Jeanne Couchois
VP Regulatory & Compliance Counsel
Carolinas Credit Union League