



October 1, 2014

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,

This letter represents the views of Michigan State University Federal Credit Union (MSUFCU) regarding the National Credit Union Administration's (NCUA) proposed changes to 12 CFR § 701.36, Federal Credit Union (FCU) Ownership of Fixed Assets. MSUFCU is a federally-chartered, federally-insured credit union based in East Lansing, Michigan, with approximately \$2.7 billion in assets and over 191,000 members.

MSUFCU appreciates and agrees with many of the NCUA's proposed amendments, but still feels that some of the language and definitions included within the Act are overly broad in scope and may limit competitive advantage. Nonetheless, the Fixed Asset Management Policy (FAM) is a welcomed change from the current and burdensome waiver process. MSUFCU has the following comments on the proposal as written.

- The definition of a Fixed Asset should not include investments in software or technology. As the market continues to trend towards automation, eCommerce, and mobile financial services, FCUs will need to continue investing in software and technology in order to stay competitive. Further, if the definition of a Fixed Asset is amended to exclude software and technology, the option of including a "delegated authority...to make acquisitions of equipment" without individual board approval as detailed in the FCU Board Oversight portion of the proposal would not be needed.
- If the purpose of the FAM is to move away from the 5% cap, all aspects should also move away from the cap. Therefore, an FCU Board should establish a limit that it deems reasonable with any proposed investments over this limit requiring Board approval. Further, internal controls over fixed assets should be documented in the FAM to apply to fixed asset purchases, regardless of the limit established by the Board.
- MSUFCU supports the NCUA's decision in making an effort to enact one timeframe, rather than two, for partial occupancy of improved and unimproved land while simultaneously eliminating the 30 month timeframe requirement for occupancy waiver applications.

In closing, MSUFCU appreciates the NCUA taking these steps in an attempt to simplify the current Fixed Assets Rule through the proposed amendments to this Act. Clarifying and amending the definitions and

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Mission:

To provide superior service while assisting members and employees to achieve financial security, their goals, and ultimately, their dreams.

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procedures listed above, however, will prove even more helpful to FCUs and their respective members. Thank you once again for the opportunity to comment on the proposed changes to FCU ownership of fixed assets.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Kusler', is written over a horizontal line.

Jeffrey Kusler
Director of Regulatory Affairs and Compliance

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