RBFCU

October 10, 2014

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

RE: Proposed Rule on Federal Credit Union Ownership of Fixed Assets

Dear Mr. Poliquin:

On behalf of Randolph-Brooks Federal Credit Union (RBFCU), this letter is being submitted in response to the NCUA's proposed amendments to the regulations governing federal credit union ownership of fixed assets.

FCU Investments in Fixed Assets above Five Percent of Shares and Retained Earnings

We support allowing credit unions to exceed the five percent fixed assets limit without applying for a waiver. In addition, we are generally in agreement with the coinciding requirement for a Fixed Asset Management Program, but would like to suggest that an appeals process be added to the regulation in the event the NCUA contests a fixed asset investment under the FAM Program. We believe that credit unions should have an opportunity to defend their decisions and the business plans that support such purchases.

Partial Occupancy of Premises Acquired for Future Expansion

We agree with the proposal to eliminate two separate time frames regarding developed and undeveloped land and would actually encourage the NCUA to consider offering credit unions the flexibility to manage the premises acquired for future expansion with no time limit for occupancy or disposition if occupancy is later determined to not be in the best interest of the credit union.

However, if the NCUA is not willing to consider eliminating a time limit, we would like to propose an extended timeframe for partial occupancy of ten years. We believe that five years is a relatively short period of time to hold unimproved land until it can be developed. Many credit unions buy new properties with the intent to hold them for a few years until future development and growth warrant the construction of a new branch. This allows credit unions to purchase properties in strategic locations at a reasonable cost. Given the prolonged life cycles of economic recessions and recoveries, five years may not provide enough time to determine whether growth has or will justify building a branch. Building a branch prematurely may actually hurt a credit union economically when it makes more sense to wait until the time is right.

If the time limit remains in place and is not extended past five years, we support the proposal to eliminate the 30-month requirement for partial occupancy waiver requests. The current rule does not provide credit unions with enough flexibility to plan far enough in advance without using the waiver process.

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Full Occupancy of Premises

We would not support a proposal to set a specific time frame for full occupancy of acquired premises. We believe that the NCUA should allow flexibility to the board of directors and management of a credit union to determine the best time frame within which to fully develop a property. Credit unions should have the ability to make branch development decisions based upon current and future economic outlooks and the projected performance of a future branch rather than on an arbitrary time frame set for all credit unions by statute.

In addition, we would like to recommend a definition of "full occupancy" which would allow leasing or subleasing a portion of a premises owned by a credit union when there is a reasonable justification to do so. For instance, there may be situations following a merger that may leave space available in an existing building. The credit union may want to lease out the available space until there is sufficient growth for the credit union to move into it. If the credit union were allowed to lease out that space, it could realize short-term income while retaining property that fits into the credit union's long-term plans for member service.

Thank you for allowing us to provide you our feedback on these issues.

Sincerely,

Sonya McDonald

Sonya McDonald
Executive Vice President

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