

Mid-Minnesota Federal Credit Union
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June 17, 2016

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

RE: NCUA Proposed Rule Revisions for NCUA Regulations Parts 701 and 721

Dear Mr. Poliquin:

Mid Minnesota Federal Credit Union (MMFCU) appreciates the opportunity to comment on NCUA's proposed rule changes regarding Federal credit union occupancy of premises used to conduct credit union business. MMFCU, with assets exceeding \$300 million, is a full-service credit union serving approximately 38,000 members in nine rural counties in Central Minnesota. Our services include first and second mortgage lending, as well as business services, that includes business lending. MMFCU is a significant financial services provider in the communities that we serve.

MMFCU fully supports the proposed changes to the occupancy and incidental powers rules.

We agree with the NCUA Board regarding the need to provide regulatory relief with regard to a Federal credit union "fully" occupying facilities. As we have stated in a previous comment letter regarding this rule, MMFCU believes that it can be in a credit union's economic best interest to be able to own property that it may only partially use.

The proposed changes to the occupancy rule that eliminates the "full occupancy" language and permits partial occupancy is a reasonable and welcomed change. MMFCU believes that there are many circumstances where owning a property can be economically less expensive than leasing, especially when part of cost of that property can be offset with income from leasing the non-credit union space. MMFCU also understands the NCUA Board's desire to ensure that Federal credit unions restrain from speculative real estate transactions; therefore, we do not oppose the requirement that a Federal credit union must occupy at least 50% of each premises within six years of the date of acquisition.

We are also in full support of eliminating the requirement for an occupancy plan when the property is not occupied or developed within one year. Although, as a sound business practice, plans for undeveloped or unoccupied property should be incorporated into a credit union's overall business plan.

MMFCU does request that there be a clarification in the rule, or in the preamble to the rule, that a waiver can be permitted for circumstances – such as if a Federal credit union occupies 50% or more of a premises, but, after some time, the credit union's space requirements diminish (i.e. a downsized branch). In such a case, the Federal credit union may not occupy at least 50% of the premises and fall into violation of the proposed rule. For this

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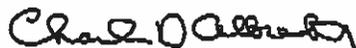
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reason, we believe that a waiver process should be established or that this circumstance should be addressed in some other way at the time of the rule's adoption.

We anticipate that the NCUA Board will receive many letters submitted by the for-profit sector of the banking industry and we assume they will be in opposition to the proposed rule changes. In general, we see no logical reason for opposition to the proposed rule changes and ask the NCUA Board to be careful when considering any comments that are in opposition to changes in the rule.

MMFCU again thanks the NCUA Board for the opportunity to comment on the proposed rule and appreciates that the NCUA Board has used a common sense approach toward this area of regulation.

Sincerely,



Charles Albrecht
President/CEO

Copy: MMFCU Board
MMFCU Senior Management
Minnesota Credit Union Network
Credit Union National Association
Senator Amy Klobuchar
Senator Al Franken
Representative Collin Peterson
Representative Rick Nolan