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June 27, 2016

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

RE: Comments on Notice of Proposed Rulemaking for Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers - RIN 3133-AE54

Dear Mr. Poliquin,

The Georgia Credit Union League (GCUL) appreciates the opportunity to respond to the request for comments on the proposal to amend Parts 701 and 721, Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers Rules. As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL supports more than 120 Georgia credit unions (about 60 percent of which are FCUs) that serve over 2 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed requests for comments such as this.

We applaud NCUA's willingness to conduct ongoing reviews of its regulations through the pursuit of the regulatory modernization initiative and to make changes that will allow credit unions to better serve their members. The removal of outdated restrictions, not specifically mandated by the Federal Credit Union Act, will allow credit unions to stay competitive in today's financial marketplace.

Georgia Credit Unions are supportive of this proposed rule, which would eliminate the current rule's requirement that federal credit unions (FCU) eventually achieve full occupancy of premises. We applaud NCUA's willingness to reconsider its long-standing interpretation that the FCU Act requires full occupancy, especially considering as is mentioned in the preamble to the proposed rule, that section 107 (4) neither explicitly mentions nor expressly requires full occupancy of FCU property. This updated interpretation will provide credit unions greater flexibility in the ownership and use of fixed assets.

We also support amending the rule to redefine occupancy to mean that a credit union facility is considered occupied if it is used by the federal credit union, or by a combination of the federal credit union and a credit union service organization (CUSO) in which the federal credit union has a controlling interest, on a full time basis of at least 50 percent. This change will provide greater flexibility for credit unions to make strategic occupancy plans based on growth opportunities.

We agree that federal credit unions should not be permitted to invest in real estate for speculative purposes or invest in real estate activities that do not support the mission of providing financial services to its members. But we do believe this change makes sense in a few different situations where a credit union purchase a building for future expansion or perhaps have an option to take advantage of purchasing a location in a mixed use area and allowing the credit union to rent out the unused portion of the building. We believe this will help reduce the cost of the facility and contribute positively to the bottom line. The proposed rule would delete section 701.36(c)(1), which requires that an FCU that acquires premises for future expansion and does not fully occupy them within one year must have a board resolution in place by the end of that year detailing plans for full occupancy.

The process for credit unions to gain occupancy can be a trying process, delayed by zoning regulations, environmental regulations, construction, and other factors that may not be evident at the time of purchase so we would recommend that NCUA consider expanded the six-year time period to something greater, maybe ten (10) years. If that is not possible we would be supportive of the requirement that the credit union comply with the current rule to partially occupy the premises within six (6) years. A federal credit union may seek a waiver to partial occupancy by submitting a written request to the appropriate NCUA Regional Office. Once, again, we appreciate the flexibility offered by the rule but if the occupancy period was increased we submit there might not be a need for the waiver process as described in the proposal.

In conclusion, we believe the proposed rule on occupancy and disposal of abandoned/acquired premises is a good and logical step in the evolution on regulations related to investments in fixed assets. The proposal affords appropriate flexibility to federal credit unions and contains reasonable safeguards against speculative activity.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Cindy Connelly or Selina Gambrell at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink that reads "Cindy Connelly". The signature is written in a cursive style with a distinct underline for the last name.

Cynthia A. Connelly
Senior Vice President/ Government Influence