### NORTH CAROLINA

#### Survey Area

North Carolina:
- Buscombe
- Haywood
- Henderson
- Madison
- Transylvania

**Area of Application. Survey area plus:**

- Yancey
- Swain
- Polk
- Mitchell
- Macon
- Jackson
- Graham
- Clay
- Cherokee
- Catawba
- Caldwell
- Burke
- Madison
- Henderson
- Haywood
- Transylvania

Charlotte

**Survey Area**

North Carolina:
- Cabarrus
- Gaston
- Mecklenburg
- Rowan
- Union

**Area of Application. Survey area plus:**

- Anson
- Cleveland
- Iredell
- Lincoln
- Stanly
- Wilkes

South Carolina:
- Chester
- Chesterfield
- Lancaster
- York

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### DEPARTMENT OF AGRICULTURE

#### Agricultural Marketing Service

**7 CFR Part 205**


**RIN 0581–AD43**

#### National Organic Program (NOP); Sunset 2016 Amendments to the National List; Correction

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Proposed rule; correction.

**SUMMARY:** This document contains a correction to the proposed rule which was published on December 16, 2015 (80 FR 78150). In the proposed rule, the Regulatory Information Number (RIN) appears as RIN 0581–AD39. This number is incorrect. The correct number is 0581–AD43. This document corrects the proposed rule.

**DATES:** April 27, 2016.

**FOR FURTHER INFORMATION CONTACT:** Valerie Frances, Standards Division, email: valerie.frances@ams.usda.gov. Telephone: (202) 720–3252; Fax: (202) 260–9151.

**Correction**

In proposed rule FR Doc. 2015–31380, beginning at page 78150 of the issue of December 16, 2015, make the following corrections:

- On page 78150, in the first column in the heading and the first line of the second column under the **ADDRESSES** caption, correct the RIN to read “0581–AD43”.

**Dated:** April 22, 2016.

Elanor Starmer, Administrator, Agricultural Marketing Service.

[FR Doc. 2016–09838 Filed 4–26–16; 8:45 am]

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### NATIONAL CREDIT UNION ADMINISTRATION

#### 12 CFR Parts 701 and 721

**RIN 3133–AE54**

### Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Proposed rule.

**SUMMARY:** As part of NCUA’s Regulatory Modernization Initiative, the NCUA Board (Board) is issuing for public comment a proposed rule to amend its regulation governing federal credit union (FCU) occupancy, planning, and disposal of acquired and abandoned premises, and its regulation regarding incidental powers. To provide regulatory relief to FCUs, the proposal eliminates a requirement in the current occupancy rule (formerly known as the fixed assets rule) that an FCU must plan for, and eventually achieve, full occupancy of acquired premises.

The proposal generally retains the current regulatory timeframes for partial occupancy. However, it modifies the definition of “partially occupy” to mean occupation and use, on a full-time basis, of at least fifty percent of the premises by the FCU, or by a combination of the FCU and a credit union service organization (CUSO) in which the FCU has a controlling interest in accordance with Generally Accepted Accounting Principles (GAAP).

The proposal also amends the excess capacity provision in NCUA’s incidental powers rule to clarify that an FCU may lease or sell excess capacity in its facilities, but it need not anticipate that such excess capacity will be fully occupied by the FCU in the future. However, the sale or lease of excess capacity in equipment or services, including employee-sharing and data processing for third parties, continues to be limited to circumstances where an FCU reasonably anticipates that such excess capacity will be taken up by the future expansion of services to members.

**DATES:** Comments must be received on or before June 27, 2016.

**ADDRESSES:** You may submit comments by any of the following methods (Please send comments by one method only):

- **Federal eRulemaking Portal:** http://www.regulations.gov. Follow the instructions for submitting comments.
- **NCUA Web site:** https://www.ncua.gov/regulation-supervision/Pages/rules/proposed.aspx. Follow the instructions for submitting comments.
- Email: Address to regcomments@ncua.gov. Include “[Your name] Comments on Notice of Proposed Rulemaking for Parts 701 and 721, FCU Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers” in the email subject line.
- Fax: (703) 518–6319. Use the subject line described above for email.
- Mail: Address to Gerard Poliquin, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.

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[FR Doc. 2016–09701 Filed 4–26–16; 8:45 am]

**BILLING CODE 6325–39–P**
provide FCUs with greater flexibility in

However, commenters have continued
regulatory relief to FCUs in this area.
has been generally supportive of the
response to these recent amendments
requirements. Public comment in
FCUs with $1,000,000 or more in assets
limit on investments in fixed assets for
eliminate the five percent aggregate
the Board approved a final rule to
lease of FCU premises.2
conflicts of interest in the acquisition or
prohibits certain transactions to avoid
operations.1 NCUA's occupancy rule
property necessary or incidental to its
acquires premises for future expansion
and full occupation, but particularly for full
is modified in the proposal to reflect
that an FCU need not fully occupy
premises, but the FCU (or a combination
of the FCU and a CUSO in which the
FCU has a controlling interest in
accordance with GAAP) must utilize at
least fifty percent of the premises on a
full-time basis within the required
timeframe to achieve partial occupancy.
For consistency, the proposal also
amends the excess capacity provision in
the incidental powers rule and makes
technical and conforming
amendments 12 to reflect the proposed
policy change regarding full occupancy
for FCU premises.

The proposed rule is discussed in
greater detail below.

II. Summary of the Proposed Rule
A. Occupancy rule

Under the current rule, if an FCU
acquires premises for future expansion
and does not fully occupy them within
one year, it must have an FCU board
resolution in place by the end of that
year with definitive plans for full
occupation.13 For purposes of the rule,
"premises" means any office, branch
office, suboffice, service center, parking
lot, other facility, or real estate where
the FCU transacts or will transact
business.14 The current rule does not set
a specific time period within which an

appropriate office space, and another cites the
perceived difficulty a continuing credit union in a
merger has in balancing reduced staffing needs with the
buildings it inherits in a merger.”)

12 CFR 701.36.
12 For example, the proposed rule generally
removes references to “future expansion” and other
language that implies an FCU must plan for and
achieve full occupancy of its premises.
13 12 CFR 701.36(c)(1). Under the current rule, the
reasonableness of an FCU’s plan for full occupation is
evaluated through the examination process and
based upon such factors as the defensibility of
projection assumptions, the operational and
financial feasibility of the plan, and the overall
suitability of the plan relative to the FCU’s field of
membership.
14 12 CFR 701.36(b).

1 24739

Federal Register / Vol. 81, No. 81 / Wednesday, April 27, 2016 / Proposed Rules

• Hand Delivery/Courier: Same as
mail address. Public Inspection: You may view all
public comments on NCUA’s Web site at
http://www.ncua.gov/Legal/Regs/Pages/PropRegs.aspx as submitted,
except for those we cannot post for
technical reasons. NCUA will not edit or
remove any identifying or contact
information from the public comments
Submitted. You may inspect paper
copies of comments in NCUA’s law
library at 1775 Duke Street, Alexandria,
Virginia 22314, by appointment
weekdays between 9 a.m. and 3 p.m. To
make an appointment, call (703) 518–
6546 or send an email to OGCMail@
ncua.gov.

FOR FURTHER INFORMATION CONTACT:
Pamela Yu, Senior Staff Attorney, Office
of General Counsel, at the above address
or telephone (703) 518–6540, or Jacob
McCall, Program Officer, Office of
Examination and Insurance, at the above
address or telephone (703) 518–6360.

SUPPLEMENTARY INFORMATION:
I. Background
II. Summary of the Proposed Rule
III. Regulatory Procedures

I. Background

Section 107(4) of the Federal Credit
Union Act (FCU Act) authorizes an FCU
to purchase, hold, and dispose of
property necessary or incidental to its
operations.3 NCUA’s occupancy rule
(formerly referred to as the fixed assets
rule) interprets and implements this
provision of the FCU Act by establishing
occupancy, planning, and disposal
requirements for acquired and
abandoned premises. The rule also
prohibits certain transactions to avoid
conflicts of interest in the acquisition or
lease of FCU premises.4

Over the past several years, the Board
has proposed and adopted several
regulatory amendments to modernize
§ 701.36.3 Most recently, in July 2015,
the Board approved a final rule to
eliminate the five percent aggregate
limit on investments in fixed assets for
FCUs with $1,000,000 or more in assets
and to streamline the partial occupancy
requirements. Public comment in
response to these recent amendments
has been generally supportive of the
Board’s ongoing efforts to provide
regulatory relief to FCUs in this area.
However, commenters have continued
to ask for more regulatory relief to
provide FCUs with greater flexibility in
the management of property necessary
for FCUs to operate. In particular, commenters have strongly
advocated the elimination of regulatory
occupancy requirements, especially the
requirement for full occupancy.

In general, commenters have
maintained that the FCU Act does not
expressly mandate specific timeframes
for occupancy or otherwise prescribe
occupancy requirements for FCU
premises. Thus, commenters have urged
the Board to liberalize NCUA’s
occupancy rules.4 For example,
commenters have said that NCUA
should not set a specific time period for
full occupancy; that FCU boards and
management should determine the best
timeframe in which to fully develop
property; and that the full occupancy
requirement should be eliminated
entirely.5 Commenters have also
suggested that NCUA should replace the
“full” occupancy requirement with a
“significant” or “substantial”
occupancy requirement, defined as fifty-
one percent occupancy.6

In addition, commenters urging
NCUA to reconsider its position on full
occupancy have indicated that it
sometimes makes sense for a credit
union to own a building and lease out
part or all of the building to help offset
the cost of property ownership.7
Commenters have argued that
prescriptive occupancy requirements
reduce access to commercial space and
limit an FCU’s ability to acquire space
in the most cost-effective manner. As an
example, commenters have noted that
some local zoning or mixed-use
ordinances, city entitlements, or other
use requirements may require a portion
of the property to be dedicated to retail
business.8 Commenters have also
positied that generating long-term
income from FCU premises would
generate value for the FCU’s
membership.9

The Board has carefully considered
the numerous comments received on
this subject since at least 2013.10 The

4 80 FR 16595, 16599 (Mar. 30, 2015).
5 Id.
7 80 FR 16595, 16599 (Mar. 30, 2015).
8 Id.
9 Id.
10 In fact, requests for relief from the full
occupancy requirement date back to at least 2004.
See 69 FR 58039, 58041 (Sept. 29, 2004) (“Several
commenters believe NCUA should reduce or
eliminate the rules requirements for both partial
and full occupation, but particularly for full
occupation. These commenters contend it is
difficult for a credit union to obtain a building or
lease space that is a perfect fit for the credit union’s
current and near-term plans and the rules’
occupation requirements restrict credit union
growth and may be anticompetitive. One
commenter cites the perceived difficulty rural and
low-income credit unions have in finding

12 12 CFR 701.36.
13 78 FR 57250 (Sept. 18, 2013); 79 FR 46727 (Aug.
11, 2014); 80 FR 16595 (Mar. 30, 2015); 80 FR 45844
14 12 CFR 701.36.
FCU must achieve full occupation of premises acquired for future expansion. However, partial occupancy of the premises is required within a reasonable period, but no later than six years after the date of acquisition, regardless of whether the premises are improved or unimproved.\textsuperscript{15} Partial occupancy must be sufficient to show, among other things, that the FCU will fully occupy the premises within a reasonable time and consistent with its plan for the premises.\textsuperscript{16}

The occupancy requirements in the current rule have a statutory basis, but full occupancy of FCU premises is not expressly or specifically mandated by statute. Section 107(4) of the FCU Act authorizes an FCU to purchase, hold, and dispose of property necessary or incidental to its operations.\textsuperscript{17} NCUA has long held that the limited authority granted by this provision means that an FCU may not hold, or lease to unrelated third parties, real property indefinitely without fully occupying the premises.\textsuperscript{18}

After further consideration, however, the Board believes the language in Section 107(4) of the FCU Act supports an interpretation that provides FCUs with more flexibility to acquire and hold real property. Accordingly, the Board has reconsidered its current approach of ensuring that FCU investment in and use of real property is consistent with the FCU Act by requiring FCUs to fully occupy premises. Section 107(4) neither explicitly mentions nor expressly requires full occupancy of FCU property. Accordingly, the Board proposes the full occupancy and related planning requirements in the current occupancy rule. Specifically, the proposed rule deletes the requirement in current §701.36(c)(1) that, if an FCU acquires premises for future expansion and does not fully occupy them within one year, it must have a board resolution in place by the end of that year with definitive plans for full occupation.

While this proposed change represents a departure from the Board’s previous interpretation of Section 107(4), it is both reasonable and consistent with the requirements of the FCU Act. The United States Supreme Court has emphasized that an “initial agency interpretation is not instantly carved in stone,” and “to engage in informed rulemaking, [an agency] must consider varying interpretations and the wisdom of its policy on a continuing basis,” indicating that an agency may change its interpretive position on the statutes it administers.\textsuperscript{19} In light of the continuing requests from commenters for relief from the full occupancy requirement, the proposed change is required to avoid unnecessarily imposing undue hardship on FCUs that may have difficulty realizing their growth potential and member service strategies under the current rule.

The Board emphasizes, however, that it maintains its current view that there is no authority in the FCU Act for an FCU to invest in real estate for speculative purposes or to otherwise engage in real estate activities that do not generally support its purpose of providing financial services to its members. The statute is clear that any property acquired or held by an FCU must be “necessary or incidental to its operations.”\textsuperscript{20} NCUA has stated consistently that an FCU may only invest in property it intends to use to transact credit union business or in property that supports its internal operations or member services.\textsuperscript{21}

Although the Board’s position on full occupancy has evolved, it continues to read the FCU Act as requiring that an FCU may purchase or hold property only for a permissible purpose or activity; that is, to support the FCU’s provision of financial services to its members. As the Board noted in the preamble to the July 2015 final rule, the requirement for an FCU to partially occupy its acquired premises within a specified timeframe is intended to function as a reasonable safeguard against speculative real estate investments or other real estate activities that are inconsistent with the FCU Act.\textsuperscript{22} Making speculative investments in real property exceeds an FCU’s authority and can lead to safety and soundness problems. Making speculative investments in real property increases an FCU’s exposure to market factors unrelated to financial services. As well, managing unoccupied real property or commercial leases creates operational risk exposures which are significantly different from those related to managing authorized financial services permissible for FCUs. By maintaining the requirement that FCUs must partially occupy real property, NCUA reduces the opportunity for speculative investment and helps FCUs align their real property investment decisions with the operational needs of the FCU and its members.

Requiring an FCU to fully occupy its acquired premises may, under certain circumstances: (1) Hinder its ability to obtain cost-effective office space necessary to serve its members; (2) restrict its growth; or (3) place it at a competitive disadvantage. However, without a reasonable occupancy requirement, there is little to inhibit an FCU from: (1) Speculating on real property with the sole intent of realizing a profit from its future sale; (2) acting as a property developer or full-time landlord; or (3) otherwise venturing into real estate activities that are beyond the scope of its authority under Section 107(4). Accordingly, the Board has determined that an FCU must at least partially occupy each of its acquired real property. For both legal and safety and soundness reasons, the proposed rule retains the requirement that an FCU premises, including unimproved property, must be partially occupied within six years from the date of its acquisition. An FCU may apply for a waiver if it is not able to achieve partial occupancy of its premises within six years.\textsuperscript{23}

Under the current rule, “partially occupy” means occupation, on a full-time basis, of a portion of the premises that is: (1) Consistent with the FCU’s usage plan for the premises; (2) significant enough that the FCU is deriving practical utility from the occupied portion relative to the scope of the usage plan; and (3) sufficient to show that the FCU will fully occupy the premises within a reasonable time.\textsuperscript{24}

The Board proposes to modify the current definition of “partial occupancy” to eliminate references to the current requirement to plan for full occupancy (usage plan) and the need to show that the FCU will fully occupy the premises. Additionally, the Board proposes to amend that definition to

\textsuperscript{15} 12 CFR 701.36(c)(2).
\textsuperscript{16} 12 CFR 701.36(b).
\textsuperscript{17} 12 U.S.C. 1757(4) (emphasis added).
\textsuperscript{18} 69 FR 58039, 58041 (Sept. 20, 2004).
\textsuperscript{20} 12 U.S.C. 1757(4).
\textsuperscript{21} See 43 FR 58176, 58178 (Dec. 13, 1978) (“Part 107(4) of the Federal Credit Union Act provides that a credit union may purchase, hold, and dispose of property necessary or incidental to its operations. Retaining a piece of property whose only purpose is to provide office space to other entities is clearly not necessary or incidental to the Federal credit union’s operations. Further, investing in, or holding, property with the intent of realizing a profit from appreciation at a future sale is also outside the powers of a Federal credit union.”); 69 FR 58039, 58041 (Sept. 20, 2004) (“Federal credit unions are chartered for the purpose of providing financial services to their members and it is not permissible for them to engage in real estate activities that do not support that purpose.”)
\textsuperscript{22} 80 FR 43844 (Aug. 3, 2015).
\textsuperscript{23} 12 CFR 701.36(c)(2).
\textsuperscript{24} 12 CFR 701.36(c).
emphasize that at least fifty percent of FCU premises must be occupied and used, on a full-time basis, by the FCU or a combination of the FCU and a CUSO in which the FCU has a controlling interest in accordance with GAAP. \(^{25}\) Occupancy of FCU premises with third-party vendors or CUSOs in which the FCU does not maintain a controlling interest will not count towards the fifty percent partial occupancy requirement because these entities operate at the direction of other owners and may not be obligated to primarily support the FCU that acquired the premises or to primarily serve that FCU’s members. The proposed definition, which incorporates elements from the current rule’s definition of full occupancy, \(^{26}\) will ensure that any property acquired or held by an FCU is primarily utilized for a purpose that is necessary or incidental to its operations, as required by the FCU Act.

**B. Incidental powers.**

The Board recognizes that in planning for future expansion, FCUs should be permitted to sell or lease their excess capacity as a matter of good business practice. \(^{27}\) The incidental powers rule permits an FCU to sell or lease its excess capacity with respect to its property and services. \(^{28}\) Under that rule, excess capacity refers to the excess use or capacity remaining in FCU facilities, equipment, or services. \(^{29}\) An FCU’s sale or lease of excess capacity, for example, may involve leasing excess office space, sharing employees, or using data processing systems to process information for third parties. \(^{30}\) However, while an FCU has the authority under that rule to obtain income by selling or leasing excess capacity in its facilities, equipment, or services to third parties, that authority is subject to the following conditions: (1) The facilities, equipment, or services must have been acquired by an FCU, in good faith, for the purpose of providing financial services to its members; and (2) the FCU must reasonably anticipate that the excess capacity will be taken up by the future expansion of services to its members. \(^{31}\)

To conform to the above proposed amendments to the occupancy rule, the Board proposes to amend the incidental powers rule regarding the sale or lease of excess capacity by removing the condition that excess capacity in FCU facilities must eventually be fully occupied by the FCU. The Board continues to believe, however, that the sale or lease of excess capacity in equipment or services, including employee-sharing and data processing for third parties, should be limited to circumstances where an FCU reasonably anticipates that the excess capacity will be taken up by the future expansion of services to its members.

In adopting the excess capacity provision in the incidental powers rule, the Board reasoned in 2001 that “[t]he sale of excess capacity offers FCUs the opportunity to provide financial services to its members, even though member demand for the services does not initially meet the FCU’s capacity.” \(^{32}\) However, the Board also noted:

> NCUA has consistently held the position that an FCU has limited authority in the leasing of fixed assets and the sale of excess data processing capacity. FCUs are not in the business of providing others with data processing capacity or any other service that is not within their express or incidental powers; rather, they are cooperative financial institutions organized to provide financial services to their members. \(^{33}\)

While the Board has reconsidered its position with respect to requiring full occupancy of FCU facilities, the Board maintains its view that FCUs are not, and should not be, in the business of providing third parties with data processing capacity or other equipment or services outside their express or incidental powers. Accordingly, under this proposal, an FCU’s authority to sell or lease excess capacity in equipment and services continues to be conditioned on the FCU’s reasonable anticipation that its members will eventually fully utilize the excess capacity.

**III. Regulatory Procedures**

**A. Regulatory Flexibility Act**

The Regulatory Flexibility Act (RFA) generally requires that, in connection with a notice of proposed rulemaking, an agency prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of a proposed rule on small entities. A regulatory flexibility analysis is not required, however, if the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities (defined for purposes of the RFA to include credit unions with assets less than $100 million) and publishes its certification and a short, explanatory statement in the Federal Register together with the rule. The proposed rule would provide regulatory relief by eliminating the need to develop a plan for full occupancy. However, FCUs currently have limited flexibility to purchase real estate with excess capacity. NCUA certifies that the proposed rule will not have a significant economic impact on a substantial number of small credit unions.

**B. Paperwork Reduction Act**

The Paperwork Reduction Act of 1995 (PRA) applies to rulemakings in which an agency by rule creates a new paperwork burden on regulated entities or modifies an existing burden. \(^{34}\) For purposes of the PRA, a paperwork burden may take the form of either a reporting or a recordkeeping requirement, both referred to as information collections. The proposed rule provides regulatory relief to FCUs by eliminating the requirement that, if an FCU does not fully occupy premises acquired for future expansion within one year, it must have a board resolution in place by the end of that year with definitive plans for full occupation. The proposed rule does not impose new paperwork burdens. The proposed rule would relieve FCUs from the current requirement to have a board-approved plan for full occupation of its premises. According to NCUA estimates, approximately 15 FCUs are required to develop a plan for full occupation premises each year. Accordingly, the reduction to existing paperwork burdens that would result from the proposal is analyzed below:

- **Estimate of the reduced burden by eliminating the full occupancy planning requirement.**
  - Estimated FCUs: 15.
  - Frequency of waiver request: Annual.

\(^{25}\) FASB Accounting Standards Update (ASU) 805 defines controlling interest as “the ability of an entity to direct the policies and management that guide the ongoing activities of another entity so as to increase its benefits and limit its losses from that other entity’s activities.” More generally, controlling interest is majority interest or any other ownership interest which entitles the owner to direct the activities of the CUSO.

\(^{26}\) 12 CFR 701.36(c)(1).

\(^{27}\) 66 FR 40845, 40851 (Aug. 6, 2001).

\(^{28}\) The incidental powers rule defines an incidental powers activity as one that is necessary or requisite to enable an FCU to carry on effectively the business for which it is incorporated. An activity meets the definition of an incidental powers activity if: (1) Is convenient or useful in or requisite to enable an FCU to carry on effectively the business for which it is incorporated; (2) is the functional equivalent or logical outgrowth of activities that are part of the mission or business of credit unions; and (3) involves risks similar in nature to those already assumed as part of the business of credit unions. 12 CFR 721.2.

\(^{29}\) 12 CFR 721.3(e).

\(^{30}\) Id.

\(^{31}\) Id.

\(^{32}\) Id.

\(^{33}\) Id.

\(^{34}\) 44 U.S.C. 3507(d); 5 CFR part 1320.
Reduced hour burden: 15 hours. 15 FCUs × 15 hours = 225 hours reduced burden.

In accordance with the requirements of the PRA, NCUA intends to obtain a modification of its OMB Control Number, 3133–0040, to support these changes. NCUA is submitting a copy of the proposed rule to OMB, along with an application for a modification of the OMB Control Number.

The PRA and OMB regulations require that the public be provided an opportunity to comment on the paperwork requirements, including an agency’s estimate of the burden of the paperwork requirements. The Board invites comment on: (1) Whether the paperwork requirements are necessary; (2) the accuracy of NCUA’s estimates on the burden of the paperwork requirements; (3) ways to enhance the quality, utility, and clarity of the paperwork requirements; and (4) ways to minimize the burden of the paperwork requirements.

Comments should be sent to the NCUA Contact and the OMB Reviewer listed below:

NCUA Contact: Dawn Wolfgang, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428, Fax No. 703–837–2861, Email: OCIOPRA@ncua.gov.

OMB Contact: Office of Management and Budget, ATTN: Desk Officer for the National Credit Union Administration, Office of Information and Regulatory Affairs, Washington, DC 20503.

C. Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. NCUA, an independent regulatory agency, as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order to adhere to fundamental federalism principles. Because the occupancy and incidental powers regulations apply only to FCUs, the proposed rule would not have a substantial direct effect on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. As such, NCUA has determined that this rule does not constitute a policy that has federalism implications for purposes of the executive order.

D. Assessment of Federal Regulations and Policies on Families

NCUA has determined that this rule will not affect family well-being within the meaning of Section 654 of the Treasury and General Government Appropriations Act of 1999.35

List of Subjects

12 CFR Part 701
Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 721
Credit unions, functions, implied powers.

By the National Credit Union Administration Board, on April 21, 2016.

Gerard Poliquin,
Secretary of the Board.

For the reasons stated above, NCUA proposes to amend 12 CFR parts 701 and 721 as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

§ 701.36 Federal credit union occupancy and disposal of acquired and abandoned premises.
(a) Scope. Section 107(4) of the Federal Credit Union Act (12 U.S.C. 1757(4)) authorizes a federal credit union to purchase, hold, and dispose of property necessary or incidental to its operations. This section interprets and implements that provision by establishing occupancy and disposal requirements for acquired and abandoned premises, and by prohibiting certain transactions. This section applies only to federal credit unions.
(b) Abandoned premises means premises previously used to transact credit union business but no longer used for that purpose. It also means premises originally acquired to transact future credit union business but no longer intended for that purpose.

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