

April 23, 2015

Mr. Gerard Poliquin  
Secretary to the NCUA Board  
1775 Duke Street  
Alexandria, VA 22314

RE: Fixed Asset Proposal

Dear Mr. Poliquin:

On behalf of People's Trust Federal Credit Union, I would like to provide the following comment letter for the record regarding the National Credit Union Administration (NCUA) Board's recent proposal to remove the 5% fixed asset cap from federal credit unions and to supervise the appropriateness of credit union fixed asset holdings through the regular examination process. We commend NCUA for this proposal and support it wholeheartedly.

While we recognize that any credit union committed to safety and soundness should have a board approved plan by which the credit union leadership manages fixed assets in accordance with the balance sheet and financial position of the credit union, we do not believe that a set regulatory limit applicable to all credit unions – regardless of size, membership, capital position or ALM strengths – is good policy. We believe the better approach is the one outlined in this proposal in which each credit union's approach to fixed assets is evaluated and analyzed as a part of the supervisory process. In this way, the individuality of credit unions can be incorporated into the evaluation process and those credit union differences can be incorporated into an individual examiner's judgment.

The alternative, which is reflected in the current "one size fits all" policy, is very restrictive and is – in actuality – somewhat discriminatory against credit unions in higher property cost areas such as we face in downtown Houston, Texas. Facilities are naturally more expensive and eat up the current regulatory 5% fixed asset cap much more quickly and easily in high cost areas than in those with lesser property costs. The proposal accommodates for this differential in service areas for credit unions by allowing each credit union to establish its own fixed asset limitations and parameters. We support that approach.

Thank you for the opportunity to comment on this proposed regulation. We encourage the NCUA to finalize the rule as expeditiously as possible and return the fixed asset management responsibilities of credit unions to the boards and management of those institutions themselves.

If I can be a source of any further information on this issue, please do not hesitate to contact me.

Sincerely,

Angela S. McCathran  
President/CEO  
People's Trust, a Financial Cooperative