

April 24, 2015

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

RE: Comments on Proposed Rule, Fixed Assets

Dear Gerald Poliquin,

I am writing on behalf of Valley Oak Credit Union, which serves Tulare and Madera County, California. We have 6,700 Members and \$48 Million in assets. Valley Oak appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendments to fixed assets.

Valley Oak supports the elimination of the 5% fixed assets cap. Credit unions are often forced to pay high rent rather than acquire property which would be cost effective in providing additional service locations for their members. The lease versus buy decision should be based on a cost benefit analysis not an arbitrary percentage.

Would you like to see the waiver option retained as an option for pre-approval of a fixed asset acquisition? Credit unions should not be subject to asking permission to acquire fixed assets. The credit union should be able to manage its balance sheet in a manner that allows it to generate the best bottom line for the membership. After all the members own the credit union.

NCUA states that it will provide guidance at a later date. Guidance is very important and can make much difference in how the requirements in the proposal are applied. Do you think that NCUA should allow comments on proposed guidance? NCUA will be providing guidance on appropriate fixed asset limitations and will be requiring each credit union to write a policy which will define the credit unions fixed asset limitations. Hopefully the NCUA will seek comment from credit unions when crafting this guidance.

What changes to this requirement should the agency make? In addition to lifting the fixed asset limitation, NCUA should reconsider its position on full occupancy. Many times it 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 building ownership.

We are please to see the NCUA consider lifting the 5% cap on fixed assets and we hope this proposal is implemented by the NCUA. This will allow credit unions more flexibility in finding the greatest value for their members.

Thank you for the opportunity to comment on this Proposed Rule and for considering our views on fixed assets.

Sincerely,

Alan Cortum  
President/CEO  
Valley Oak CU

cc: CUNA, CCUL

