



ACQUISITION
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3000

AUG 28 2008

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE
AIR FORCE (INSTALLATIONS)

SUBJECT: Policy Clarification Regarding Land Leases to Credit Unions

This responds to your request for clarification of the Department's policy on leasing land to credit unions.

DoD Instruction 4165.70, Real Property Management, does not mandate fair market value in all circumstances. Paragraph 6.2.1.3 indicates that outgrants (i.e., leases) shall "Be accomplished by obtaining at least fair market value except when the applicable statute authorizes payment of less than fair market value and accepting less is in the best interest of the Government."

Public Law 109-351, Section 501, "Leases of Land on Federal Facilities for Credit Unions," amended section 124 of the Federal Credit Union Act (codified at section 1770 of title 10, United States Code) to allow credit unions, which meet certain criteria, to lease federal land at no charge. The Acting Chief Financial Officer for the Department of Defense issued policy guidance in a revision to the Financial Management Regulation (FMR) requiring installations to provide no-cost land leases to credit unions under the same specific conditions identified in the Section 501 change.

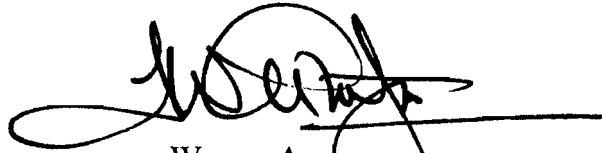
The Under Secretary of Defense (Comptroller) (USD(C)) authority to issue policy regarding credit unions flows from two sources:

- DoD Directive 1000.11, Financial Institutions on DoD Installations, paragraph 5.1, which provides that the Comptroller "...shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations."; and,
- DoD Instruction 7000.14, Department of Defense Financial Management Policy and Procedures, paragraph 3, provides that the FMR should be the single DoD-wide financial management regulation, and, as such, the appropriate vehicle for USD(C) to issue policies regarding credit unions.



Therefore, the Air Force assertion that the lease provision in the statute is discretionary is correct, however, the FMR policy regarding no-cost land leases to credit unions is not discretionary. Accordingly, any application by a credit union for a land lease that meets the membership criteria as stated in the DoD FMR, Volume 5, Chapter 34, will be provided the land at no cost for a period not to exceed five years, renewable upon recertification of membership criteria.

You may direct any questions to Mr. Mike McAndrew at 703-697-6195.

A handwritten signature in black ink, appearing to read "Wayne Army", written over a horizontal line. The signature is stylized and cursive.

Wayne Army
Deputy Under Secretary of Defense
(Installations and Environment)