



Michael J. Castellana
President & CEO

May 9, 2016

SEFCU Headquarters, Kiernan Plaza, 575 Broadway, Albany, NY 12207

Mr. Gerard S. Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

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Re: Federal credit union occupancy, planning, and disposal of acquired and abandoned premises

Dear Mr. Poliquin,

On behalf of SEFCU, I would like to thank the National Credit Union Administration (NCUA) Board for inviting us to comment on the proposal to amend Parts 701 and 721 of its Rules and Regulations to ease the regulatory burden related to the occupancy rule (previously known as the fixed assets rule).

We appreciate NCUA's commitment to providing meaningful regulatory relief to credit unions and the desire to modernize the agency's requirement for ownership and use of premises, including buildings.

In general, SEFCU would like to express its support for all of the changes proposed. We would also like to comment on some practical aspects that could directly impact SEFCU's operations.

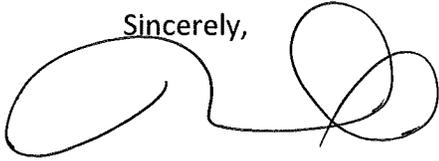
SEFCU strongly supports NCUA's proposal to eliminate the requirement that federal credit unions fully occupy premises. We applaud NCUA's willingness to reconsider its long-standing interpretation that the FCU Act requires full occupancy, since, in fact, as NCUA states in the preamble to the proposed rule, "section 107(4) neither explicitly mentions nor expressly requires fully occupancy of FCU property."

SEFCU agrees that federal credit unions should not be permitted to invest in real estate for speculative purposes or otherwise engage in real estate activities that do not support the federal credit union's purpose of providing financial services to its members. However, this change could make sense in a number of scenarios where a credit union has an opportunity to purchase a building for future expansion, acquire a building through a merger, redeploy a portion of an existing facility, or have the option of renting out the otherwise unused portion of a mixed use property.

We appreciate that the intent of this rule is not to encourage credit unions to become investor type landlords. Rather it opens up the potential for premises that are to be used by the credit union (and a credit union service organization in which the credit union has a controlling interest), in providing financial services to its members and that is “necessary and incidental to credit union operations.” At the same time, it provides a financial benefit of rental income, for up to 50% of the premises, to assist with covering the cost of ownership. We support the requirement that the credit union comply with the current rule to partially occupy the premises within 6 years.

Once again, we would like to thank the NCUA Board for the opportunity to comment. We would be happy to further discuss this matter, if you so desire.

Sincerely,

A handwritten signature in black ink, consisting of a large, loopy initial 'M' followed by a series of overlapping loops and a final flourish.

Michael J. Castellana
President and CEO
SEFCU

cc: Earl Young, Chief Risk Officer
Gaetano Spatafora, Chief Operating Officer