

**TITLE 12 - BANKS AND BANKING****CHAPTER VII - NATIONAL CREDIT UNION ADMINISTRATION****PART 701 - ORGANIZATION AND OPERATIONS OF FEDERAL CREDIT UNIONS STATEMENT OF POLICY - CREDIT UNION SERVICE CORPORATION AGENCY - National Credit Union Administration**

**ACTION:** Statement of Policy

**SUMMARY:** The purpose of this action is to restate the policy of the National Credit Union Administration concerning the relationship of credit union service corporations established pursuant to 12 C.F.R. 701.27-2, published on March 7, 1979 (44 FR 12401) and effective April 9, 1979 and existing accounting service centers approved either under the version of 12 C.F.R. 701.27-2 that existed prior to the promulgation of the new 12 C.F.R. 701.27-2 published on March 7, 1979, or other service corporations approved pursuant to Section 107(7)(I) of the Federal Credit Union Act (12 U.S.C. §1757(I)) upon which the new version of 12 C.F.R. 701.27-2 was based.

**EFFECTIVE DATE:** April 9, 1979

**ADDRESS:** National Credit Union Administration, 2025 M Street, N.W.,  
Washington, DC 20456

**FOR FURTHER INFORMATION CONTACT:** Todd A. Okun, Senior Attorney,  
Office of General Counsel, at the above address. Telephone: (202) 632-4870

**SUPPLEMENTAL INFORMATION:** On November 3, 1978, the Administration published a proposed rule (43 FR 51407) to implement the provisions of the April 19, 1977, amendments to the Act (Pub. L. 95-22, Stat. 49) which authorize Federal credit unions to invest in, to make loans to, or to extend lines of credit to, organizations providing services associated with the routine operation of credit unions. The proposed rule was to amend existing 12 C.F.R. 701.27-2, Participation in Accounting Service Center. Public comment was invited, to be received on or before January 2, 1979. The preamble to the proposed rule stated National Credit Union Administration policy regarding existing service corporations under the heading Existing Service Corporation Desiring To Be Approved As A Credit Union Service Corporation. However, when the final rule was published on March 7, 1979, effective April 9, 1979, this policy was inadvertently omitted.

In order to avoid any misunderstanding as to application requirements for existing service corporations, the following states the policy of the National Credit Union Administration.

It is noted that publication of this statement marks the beginning of procedures whereby the National Credit Union Administration will publish interpretive rulings and policy statements in the Federal Register. For further information regarding these procedures, contact Robert S. Monheit, Senior Attorney, Telephone: (202) 632-4870.

INTERPRETIVE RULINGS AND POLICY STATEMENTS, NO. 79-1

STATEMENT OF POLICY REGARDING EXISTING SERVICE CORPORATIONS

THAT DESIRE TO BE APPROVED AS CREDIT UNION SERVICE  
CORPORATIONS

The final rule, effective April 9, 1979, will replace the existing Section 701.27-2 of the National Credit Union Administration Rules and Regulations. Therefore, all existing accounting service centers operating under the prior provisions of 701.27-2 must apply for approval as a credit union service corporation. The Administration feels that a period of 1 year is sufficient time to effect the changes required and to process the applications of the existing accounting service centers.

The final rule will also replace and amend any previously approved "leeway" organizations approved by the Administration. These corporations will also be required to apply to the Administration under the provisions of the final rule and comply within a 1 year time period from its effective date.

It is expected that certain service corporations owned and operated exclusively by state chartered credit unions may desire to service and receive investments from Federal credit unions. If so, these organizations will also need to file applications with the Administration for consideration and must modify their operations to comply with the final rule.

Therefore, it is the policy of the National Credit Union Administration to forego taking any action against existing accounting service centers approved pursuant to the 12 C.F.R. 701.27-2 in force prior to April 9, 1979, or against existing "leeway" organizations approved pursuant to 12 U.S.C.

§1757(7)(I) prior to April 19, 1979, because of their failure apply for approval as a credit union service corporations, for a period of one year from the effective date of the Credit Union Service Corporation regulation (April 9, 1979).

/S/

LAWRENCE CONNELL  
Administrator