

June 17, 2003

Mark Machen, Esquire
Moshos, Haden & Machen, P.C.
4122 Leonard Drive
Fairfax, VA 22030

Re: Real Estate Settlement Services as a Permissible CUSO Activity.

Dear Mr. Machen:

You have asked if real estate settlement services are permissible credit union service organization (CUSO) activities. We believe real estate settlement services fall within the preapproved list of permissible CUSO activities. 12 C.F.R. §712.5.

The proposed CUSO will handle all aspects of the real estate settlement for mortgage loans the credit union grants to its members. The services contemplated are: arranging the title search; reviewing the title work; providing title insurance as an agent for the underwriter; and handling the settlement of the mortgage loan. The CUSO, itself, will not be an insurance company. The activities you have described, although not specifically listed in the rule, fall within the preapproved categories of insurance brokerage services and loan support services and relate to the routine daily operations of credit unions. 12 C.F.R. §712.5(g) and (i). As with all CUSO activities, a federal credit union may only invest in or lend to CUSOs that are "sufficiently bonded or insured for their specific operations." 12 C.F.R. §712.5. Although we have no legal concerns with a CUSO engaging in these activities, we caution that a CUSO must comply with any state law requirements and restrictions concerning its proposed activities.

Sincerely,

Sheila A. Albin
Associate General Counsel

03-0538
GC/MFR:bhs