

November 27, 1998

Gwen Olsson, Chair, Supervisory Committee  
Kitsap Community Federal Credit Union  
1025 Burwell Street  
Bremerton, WA 98337

Re: Responsibility of Supervisory Committee to CUSO, Your letter dated November 4, 1998.

Dear Ms. Olsson:

You have asked several questions relating to the responsibilities of a federal credit union's (FCU's) supervisory committee to the FCU's wholly owned Credit Union Service Organization (CUSO). The questions you have raised are not specifically addressed in the Federal Credit Union Act or NCUA's Rules and Regulations. We suggest you consult with the FCU's attorneys and accountants to obtain their interpretation concerning the legal obligations and potential liability of the FCU's board of directors and supervisory committee with respect to the CUSO.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/MFR:bhs  
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98-1119