

Mitchell B. Pollack, Esq.
244 Westchester Ave.
White Plains, NY 10604

Re: CUSOs (Your Letter of September 3, 1993)

Dear Mr. Pollack:

You have asked whether a federal credit union (FCU) can transfer foreclosed properties to a credit union service organization (CUSO) in order to limit its liability on those properties. In exchange for the transfer of the properties the FCU would receive a 100% interest in the CUSO.

Section 701.27(d)(5) of the NCUA Rules and Regulations, 12 C.F.R. 701.27(d)(5), provides that an FCU may invest in or loan to a CUSO that, among other things, sells repossessed collateral and processes, services, and sells loans. Under that authority, an FCU may transfer foreclosed properties to a CUSO in exchange for a 100% interest in the CUSO. We offer no opinion on whether the transfer would limit the FCU's liability on the properties.

Sincerely,

Hattie M. Ulan
Associate General Counsel

GC/LH:sg
SSIC 3501
93-0919