

August 24, 1994

Frank R. Klune Jr.
Treasurer
Klune & Associates, Inc.
3721 Westview Dr.
Bedford, TX 76021

Re: Sale of Loans (Your Letter of August 2, 1994)

Dear Mr. Klune:

You requested an opinion regarding the sale of loans by credit unions. We can respond only for federal credit unions ("FCUs").

For FCUs, sales of loans to members may be made if in accordance with the eligible obligation rule. 12 C.F.R. 701.23(c) (attached). Sales of loans are allowable if made within the limitations of the written sale policies of the board of directors of the FCU, the board or directors or its investment committee approves the sale, and a written agreement and a schedule of the eligible obligations covered by the agreement are retained in the FCU's office. Id. For further information, we refer you to pertinent sections in the Accounting Manual for FCUs, 5110 and 6030 (attached). If you have further questions, please contact Jon Lander, Director, Supervision, NCUA, Region V, 4807 Spicewood Springs Road, Austin, TX 78759-8490, telephone: (512) 482-4500.

State law controls the loan sale activity of state-chartered credit unions. For an answer regarding Texas law, we encourage you to contact the Texas Credit Union Department, 914 East Anderson Lane, Austin, TX 78752-1699, telephone: (512) 837-9236.

Sincerely,

Richard S. Schulman
Associate General Counsel

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Enclosures
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