



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

December 10, 1986

Office of General Counsel

GC/JT:sg  
4650

Peter M. Mott, Esq.  
Widder, Yanaros & Katims  
Suite 401  
350 Vanderbilt Motor Parkway  
Hauppauge, N.Y. 11788

Dear Mr. Mott:

This is in response to your letter of October 15, 1986, which asked whether a Federal credit union (FCU) is required to pay interest on escrow funds (for real estate taxes and hazard insurance) held by the credit union under its mortgage program. As FCU's pay dividends rather than interest on their member's accounts, we have treated your inquiry as pertaining to the payment of dividends on escrow funds. Under the present NCUA Rules and Regulations and the Federal Credit Union Act, a FCU is not required to pay dividends on the escrow funds.

I hope that we have been of assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read 'S. Bisker'.

STEVEN R. BISKER  
Assistant General Counsel

JT:sg