



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

April 13, 1987

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4693

Office of General Counsel

Mr. Samuel E. White  
Corporate Vice President  
Springmaid Federal Credit Union  
Central Administrative Office  
607 North Main Street  
Lancaster, SC 29720

Dear Mr. White:

This is in response to your recent letter and enclosures concerning your Federal credit union ("FCU") offering financial planning services to its members through its credit union service organization ("CUSO").

As you know, Section 701.27 of the NCUA Rules and Regulations (12 C.F.R. §701.27) governs FCU investments in and loans to credit union service organizations. Among the permissible services that CUSO's can offer are financial planning and counseling, investment counseling, securities brokerage services, and insurance sales (see Section 701.27(d)(5)(ii)). According to your letter, these are the types of services that your CUSO will provide. Your letter also indicates that the CUSO will contract with a third party to provide the services to your members. This is permissible under the CUSO regulation.

We cannot render a definitive opinion on your FCU's compliance with the CUSO regulation since information on the CUSO and the CUSO/FCU relationship was not submitted. If you wish an opinion on your FCU's compliance, we suggest that you have local counsel review the FCU/CUSO relationship in light of Section 701.27 of the NCUA Rules and Regulations and submit their legal analysis and opinion to us. We will review the opinion and state our concurrence or disagreement with it.

It should be understood that this letter does not constitute an endorsement or approval of the program you submitted. We offer no opinion on compliance with securities laws which are matters under the jurisdiction of the Securities and Exchange Commission and state securities regulators. Further, we offer no opinion on

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compliance with state insurance laws. We only state that CUSO's may offer the services described and that they may contract with third party vendors to provide the services to members of your FCU.

I hope that we have been of assistance.

Sincerely,



STEVEN R. BISKER  
Assistant General Counsel

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