



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

May 4, 1987

GC/REL:jrm  
3600

OFFICE OF GENERAL COUNSEL

Karl T. Hoyle  
Executive Vice-President & Director  
Credit Union National Association, Inc.  
Governmental Affairs Division  
1730 Rhode Island Ave., N.W.  
Washington, D.C. 20036

Dear Karl:

Thank you for your letter regarding the 10% loan limitation in Section 107(5)(A)(x) of the Federal Credit Union Act.

I have reviewed the specific cases you cite wherein a single depositor holds a large percentage of a credit union's shares and wishes to borrow up to the amount of its shares.

While I realize these loans would be fully secured, I believe a statutory change would be necessary before they could be made.

I would be pleased to explore further with you the possibility of an amendment to the Federal Credit Union Act to deal with this problem.

Sincerely,

ROBERT M. FENNER  
General Counsel

REL:jrm

FOIA Vol. I C. 11. Illegal or Improper Loans