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NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

March 3, 1989

Office of General Counsel

Fredric Benson, Esq.
Feldman and Wasser
P.O. Box 2418
Springfield, Illinois 62705

Re: Automobile Leasing Program (Your January 16, 1989, Letter)

Dear Mr. Benson:

You have asked that we take a second look at an auto leasing program offered to Federal credit unions ("FCU's") by Midwest Auto Consultants, Inc. ("MAC") for compliance with NCUA requirements. In November of 1988, this Office reviewed the marketing agreement for MAC's program. We stated that several issues would have to be resolved before we could determine that the program was in compliance with NCUA requirements for auto leasing. You have now provided us with further information on the program.

The issues we raised in our November 7, 1988, letter to you have, with one exception, been resolved. In our earlier letter we expressed the concern that the marketing agreement appeared to state that an FCU would provide an extended warranty agreement for the leased vehicles. This is beyond an FCU's authority. You have informed us via telephone that the FCU will not be providing the warranty. The modification you made to the marketing agreement on this point is somewhat ambiguous. Based on your oral representation that an FCU will not be involved in providing extended warranty coverage, we are satisfied that the MAC program is now in compliance with NCUA requirements.

We emphasize that nothing stated in this letter should be construed as recommending the program for FCU's. Before participating in the program, an FCU should review the marketing agreement as well as all other documents pertaining to the program, including the lease, to determine their responsibilities and obligations.

Sincerely,
Hattie M. Ulan
Hattie M. Ulan
Assistant General Counsel

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