



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

March 21, 1990

Office of General Counsel

Nicholas Vincent Campasano, Esq.
2000 Deer Park Avenue
Deer Park, New York 11729

Re: Form 1099 and Forgiving a Debt (Your March 1,
1990, Letter)

Dear Mr. Campasano:

You have asked whether a Federal credit union ("FCU") may, after exhausting collection procedures, extinguish a member's debt on its books so that it could properly file a Federal Form 1099 with the Internal Revenue Service ("IRS"). Yes.

It is up to the FCU to make an informed decision as to when to write off its debts. There is nothing in the FCU Act or NCUA Rules and Regulations that would prevent an FCU, after exhausting collection procedures, from extinguishing the debt on its books and then filing a Federal Form 1099 with the debtor and the IRS to report the extinguished debt as income to the member. You need to contact the IRS for further information on this procedure and the filing requirements.

Sincerely,

A handwritten signature in cursive script, which appears to read "Hattie M. Ulan".

Hattie M. Ulan
Associate General Counsel

GC/MM:sg
SSIC 3000
90-0308

FOIA
VO! I.C. 12 Collection Procedure