



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

February 12, 1992

David J. Serlo  
President  
Payment Systems for Credit Unions, Inc.  
P.O. Box #31216  
Tampa, Florida 33631

Re: ~~CUSO~~ Legal Documentation (Your January 29,  
1992 Letter)

Dear Mr. Serlo:

You have asked us to review documents that will be used in refinancing the debt of Payment Systems for Credit Unions ("PSCU"). Although we will generally review documentation to determine whether a federal credit union (FCU) complies with the credit union service organization (CUSO) regulation (Section 701.27 of NCUA's Rules and Regulations), we do not normally review the legal sufficiency of the loan and pledge agreements necessary for a credit union to loan to a CUSO. As you know, as long as an FCU complies with the CUSO regulation, then it can invest up to 1% of its paid-in and unimpaired capital and surplus and/or loan the same amount to all CUSOs, in the aggregate. The Regional Office may, however, take exception to any particular FCU loan or investment in a CUSO, based on safety and soundness.

Although a cursory review of the documents you provided us did not reveal any apparent legal problems, it is the responsibility of each FCU making a loan to or investment in PSCU to review these documents to ensure conformance with state and federal laws as well as to determine whether an investment or loan to PSCU is appropriate. We strongly recommend that any FCU that is considering using these documents consult with its own attorney before making any commitments to PSCU.

Sincerely,

*Hattie M. Ulan*

Hattie M. Ulan  
Associate General Counsel

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