



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

March 14, 1992

Co-Maker

James R. Mayhew
Assistant Vice President of Credit
Langley Federal Credit Union
P.O. Box 7463
Hampton, VA 23666

Re: Guaranty Agreement/Notice to Cosigner (Your
January 8, 1992, Letter)

Dear Mr. Mayhew:

You have asked whether a guarantee agreement, which obligates a cosigner or guarantor on a loan, may be combined on the same document with the cosigner disclosure statement required by Section 706.3(b) of the National Credit Union Administration (NCUA) Rules and Regulations, 12 C.F.R. §706.3(b). Yes, ~~the disclosure statement~~ may be combined with a guarantee agreement.

Analysis

Section 706.3(b) provides in part that the disclosure statement "shall either be a separate document or included in the documents evidencing the consumer credit obligation." When Section 706.3(b) was first issued, as an interim final rule, the disclosure statement was required to be provided in a separate document. See 52 Fed. Reg. 35,062 (Sept. 17, 1987). The language permitting the disclosure to be incorporated into the document evidencing the cosigner's obligation was added in response to comments received regarding the interim rule. See 52 Fed. Reg. 46,583 (Dec. 9, 1987). The Board stated that it believed that "the notice to cosigner provides cosigners with adequate notice of their potential liability on the consumer credit obligation, and that the notice need not be contained in a separate

FOIA Vol. III, B, 14

James R. Mayhew
March 14, 1992
Page 2

document." Based on the foregoing, the cosigner disclosure statement may be combined with the document evidencing the cosigner's obligation.

Sincerely,



Hattie M. Ulan
Associate General Counsel

GC/LH:sg
SSIC 4650
92-0115