

April 18, 2008

Faith L. Anderson, Vice President & General Counsel
American Airlines Federal Credit Union
4151 Amon Carter Boulevard
Fort Worth, TX 76155

Re: NCUA Letter to Credit Unions, "Evaluating Third Party Relationships,"
No. 07-13 (07-CU-13), Legal Review by In-house Counsel.

Dear Ms. Anderson:

You have asked if a credit union's in-house counsel may perform the legal review NCUA recommends for a credit union's third-party arrangements and contracts. Yes, in-house counsel may perform the recommended review, assuming, of course, that counsel has the experience for this purpose. In-house counsel, by definition, will focus on protecting the interests of the credit union and, thus, presumably will have the independence 07-CU-13 recommends.

In 07-CU-13, dated December 2007, NCUA shared with federally insured credit unions guidance the Office of Examination and Insurance had provided to field staff for evaluating third-party relationships. The guidance includes a discussion of due diligence considerations for third-party relationships and, among other recommendations, suggests credit unions have "qualified external legal counsel review prospective third-party arrangements and contracts."

We have consulted with NCUA's Office of Examination and Insurance and have confirmed that the reference to external legal counsel was intended to recommend that legal counsel reviewing these relationships should be independent of the third party. The guidance, by referring to "external" counsel, was not intended to suggest that in-house counsel should not perform the recommended legal review.

Sincerely,

/S/

Robert M. Fenner
General Counsel

GC/LKD:bhs
08-0417