

December 20, 2006

Ruth Jaure, Director of Program Development
National Credit Union Foundation
601 Pennsylvania Avenue, NW
South Building, Suite 600
Washington, DC 20004

Re: Federal Credit Union's Ability to Provide First-time Homebuyer Education to
Non-members Ineligible for Membership

Dear Ms. Jaure:

You asked if a federal credit union (FCU) may provide housing counseling services to nonmembers in connection with its participation as a sub-grantee in the Department of Housing and Urban Development (HUD) housing counseling grant program. Based on our understanding of the program, yes, it can.

The National Credit Union Foundation (NCUF) is a HUD-approved national housing counseling intermediary. NCUF focuses on housing counseling for low-to-moderate income first-time homebuyers and contracts with credit unions to provide this service. Counseling activities provided under HUD's program include homebuyer education workshops and individual counseling on pre-purchase activities, predatory lending, budgeting, foreclosures, and maintenance, among other subjects. Participants in the program are obligated to serve any eligible person who requests counseling, if the requested counseling service is normally provided by the participant.

FCUs may provide financial counseling services that "promote thrift or otherwise assist members on financial matters." 12 C.F.R. §721.3(e). Nonmembers may receive these services as part of an FCU's community outreach efforts provided nonmembers are not charged a fee that exceeds any actual cost assessed the credit union by a third party.

Sincerely,

/s/

Sheila A. Albin
Associate General Counsel

GC/LKD:bhs
06-1135