

April 1, 1993

James C. Goodwin, Member  
Board of Directors  
Cooperative Center Federal  
Credit Union  
P.O. Box 248  
Berkeley, California 94701-0248

Re: Prepaid Lease (Your February 18, 1993, Letter)

Dear Mr. Goodwin:

You asked that this Office review Cooperative Center Federal Credit Union's ("CCFCU") prepaid lease and determine whether it complies with NCUA Rules and Regulations and protects CCFCU's members. Please be advised that, as a matter of policy, this Office does not review leases for federal credit unions ("FCUs"). CCFCU should have its own counsel review the lease for legal sufficiency and to ensure compliance with applicable laws and regulations.

The only NCUA regulation that pertains to FCU leasing of pre- mises is Section 701.36, FCU Investment in Fixed Assets (12 C.F.R. ~701.36). That regulation limits the amount that FCUs with assets over \$1,000,000 may invest in fixed assets (~701.36(c)), requires NCUA approval for certain lease transactions (~701.36(e)), and imposes requirements for FCU use of property acquired for future expansion (~701.36(d)). Your letter and the lease agreement do not provide sufficient facts for us to determine whether the CCFCU is in compliance with the fixed asset regulation.

We are forwarding your letter and the lease agreement to NCUA's Region VI Office for further action. The Regional Office will review the agreement and determine whether CCFCU is in compliance with Section 701.36. The Regional Office may contact you for further information. The Regional Office will also determine whether the lease presents any safety and soundness problems. Again, CCFCU should also have its own attorney review the lease.

We have requested that the Regional Office respond directly to you. Should you wish to contact the Regional Office, the address and telephone number are:

Regional Director National Credit Union Administration 2300 Clayton Road Suite 1350 Concord, California 94520 (510) 486-3729

Sincerely,

Hattie M. Ulan  
Associate General Counsel

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SSIC 3500  
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