

July 7, 1993

James Felmet
Vice President/Loan Operations
IBM Endicott Owego
Employees Federal Credit Union
One Credit Union Plaza
24 McKinley Avenue
Endicott, NY 13760-5491

Re: Loan Payoff Information (Your June 14, 1993, Letter)

Dear Mr. Felmet:

You have asked whether it is permissible to quote auto loan payoffs to car dealerships even though the credit union does not have written authorization from the member. Without the permission of the member such action is impermissible.

Article XIX, Section 2, of the Standard Federal Credit Union Bylaws requires officers, directors, members of committees, and employees of a credit union to hold in confidence all credit union transactions with the members and all information respecting member's personal affairs, except to the extent deemed necessary by the board in connection with the making of loans and extending lines of credit, collection of loans, or guarantee of member sharedrafts by third parties. None of the stated exception encompasses the action you propose. Furthermore, under some state laws the contemplated practice is illegal. You should obtain your own counsel's opinion as to the effect of state law on the proposed action.

One additional note. If the member verbally authorizes the disclosure of such information, the action is permissible. However, you will still have to ascertain whether such action is permissible under state law.

Sincerely

James Engel
Deputy General Counsel

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SSIC 3501
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