

November 22, 1994

Russell F. Hilliard, Esquire
10 Center Street
P.O. Box 1109
Concord, NH 03302-1109

Re: CUSO/Trust Services (Your October 21, 1994, Letter)

Dear Mr. Hilliard:

You have requested information from this office regarding applicable federal laws for a state chartered credit union investing in a trust company (owned by either other banks or credit unions) which would provide services to its members. The provisions of the FCU Act, Sections 107(7)(I) and 107(5)(D) relating to investments and NCUA Rules and Regulations, Section 701.27 relating to CUSOs apply directly only to FCUs. There is language in the Preamble to Section 701.27 which states that in certain situations the rule may apply indirectly to federally insured state chartered credit unions. 51 Fed. Reg. 10360, March 26, 1986. (copy enclosed). You would need to review your state statute to determine the applicability of this provision. We are not aware of any other applicable federal laws.

I hope that we have been of assistance.

Sincerely,

James J. Engel
Deputy General Counsel

GC/MFR:bhs
SSIC 3500
94-1105