

April 14, 2008

Thomas Johnson, President and CEO  
Business Consortium Alliance, Inc.  
416 Ponce de Leon Avenue, Suite 312  
San Juan, PR 00918

Re: Federal Credit Unions (FCUs) are Depository Institutions.

Dear Mr. Johnson:

You have asked if FCUs are depository institutions. Yes, FCUs are depository institutions.

The Federal Credit Union Act (FCU Act) defines an FCU as “a cooperative association organized . . . for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.” 12 U.S.C. 1752(1). FCUs fulfill this purpose by accepting deposits, in the form of shares, from members and using those deposits to make loans and provide other member services. FCUs are chartered and supervised by the National Credit Union Administration (NCUA), an independent federal agency. NCUA insures the share deposits of all FCUs and many state-chartered credit unions through the National Credit Union Share Insurance Fund. NCUA’s share insurance is the same as the deposit insurance provided to banks by the Federal Deposit Insurance Corporation. Both federal insurance programs are backed by the full faith and credit of the United States government.

The FCU Act states the meaning of “depository institution” is as defined in section 19(b)(1)(A) of the Federal Reserve Act (FRA). 12 U.S.C. 1759(c)(2)(A)(ii), 12 U.S.C. 461(b)(1)(A). Specifically, that section of the FRA includes in the definition of “depository institution” any insured credit union as defined in section 101 of the FCU Act, which includes all FCUs and state-chartered credit unions insured by NCUA, or any credit union which is eligible to apply to become an insured credit union under section 201 of the FCU Act. 12 U.S.C. 461(b)(1)(A)(iv), 12 U.S.C. 1752(7), 12 U.S.C. 1781.

Please contact Staff Attorney Frank Kressman or me with any additional questions.

Sincerely,

/S/

Sheila A. Albin  
Associate General Counsel

GC/FSK:bhs  
08-0232