

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: September 2005 **NO:** 05-RA-07
TO: All Federal Credit Unions
SUBJECT: Charitable Contributions and Donations to Storm Victims
RE: §701.25 of NCUA's Rules and Regulations

Dear Manager and Board of Directors:

The purpose of this letter is to remind you of broad authority available to federal credit unions to make charitable contributions and donations to nonprofit recipients that are located or conduct activities in their communities. They can also make contributions to tax-exempt organizations that promote and develop credit unions.

A federal credit union board of directors can approve donations or delegate authority to credit union staff to make donations within limits or policies the board of directors establishes.

Federal credit unions can also make in-kind donations, for example, of staff time and equipment. They can assist other credit unions with cash contributions and make in-kind donations to other credit unions. Also federal credit unions can make no-interest loans to nonprofit community organizations that would qualify for charitable contributions.

I want to express my gratitude to the credit union community for banding together in the time of crisis and assisting those in need. Should you have any questions regarding this subject, please do not hesitate to contact your Regional Director.

Sincerely,

/s/

JoAnn Johnson
Chairman