

March 24, 1995

John W. Milazzo, Jr.
President/CEO
Campus Federal Credit Union
P.O. Box 16049
Baton Rouge, LA 70893

Re: Interpretation of NCUA Regulations re: Participation in Bid Proposal (Your March 16, 1995, Letter)

Dear Mr. Milazzo:

As explained in the enclosed opinion letter dated May 17, 1994, a credit union may not cash checks for nonmembers. Section 107(17) of the Federal Credit Union Act (Act), 12 U.S.C. 1757(17).

However, we have in the past allowed a credit union to offer a promotional program which would enable it to cash checks for those individuals who are within the credit union's field of membership but are not yet members. The program would require the customer to apply for membership when they cash a check at the credit union. Under this promotional program, the credit union would pay the new member's initial share. Attached is an opinion letter dated November 9, 1984, from Robert M. Fenner, Director, Department of Legal Services to W. J. Sayers, Manager, IBM Poughkeepsie FCU describing such a program.

I hope that we have been of assistance.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/MFR:bhs
SSIC 3601
95-0320
Enclosures