

September 22, 2010

Ann M. Brittin, President/CEO  
Cornerstone Community FCU  
6485 S. Transit Road  
Lockport, NY 14094-0830

Re: Permissibility of Offering Free Coin Sorting Service as an Incidental Power

Dear Ms. Brittin:

You asked if it is permissible for your federal credit union (FCU) to offer free use of its coin sorter machine to non-member non-profit organizations as a marketing activity to promote membership in the FCU. Yes, as described below, the FCU may provide this free service to non-member non-profit organizations under its incidental powers authority. The FCU may also provide the service as a charitable activity to these organizations.

NCUA's incidental powers rule authorizes an FCU to engage in certain activities incidental to its business. Marketing activities designed to attract or retain members or encourage use of FCU products and services are among the activities preapproved as an incidental power. 12 C.F.R. §721.3(h). Your described purpose in offering the coin sorting service is consistent with a marketing activity. We note, however, the marketing program should not become a substitute for membership.

We also note there is another basis under which the FCU can provide this free service to these particular organizations. Under NCUA's charitable contributions rule, an FCU may make charitable contributions and donations to recipients who are not organized for profit and who are located in, or conducting activities in, a community where the FCU has a place of business. 12 C.F.R. §701.25. Assuming these non-member, non-profit organizations meet these criteria, the FCU may also provide free coin sorting services as a charitable donation.

Sincerely,

/S/

Hattie Ulan  
Associate General Counsel

GC/LKD:bhs  
10-0756