

January 14, 2011

Dan Schoenherr, President  
Schoenherr Consulting  
10146 Northwind Drive  
Indianapolis, IN 45256-9590

RE: Request for Advisory Opinion – Correspondent Services

Dear Mr. Schoenherr:

You asked if a federal credit union (FCU) could provide the following correspondent services to other credit unions: share draft processing; check collection; ACH origination and receipt; wire transfers; coin and currency; and a line of credit. An FCU may offer lines of credit to other credit unions under its statutory lending authority in the FCU Act. An FCU may provide the other proposed services to credit unions pursuant to its incidental powers authority.

Correspondent services are services an FCU provides to other credit unions that it is authorized to provide to its own members or as part of its operation. 12 C.F.R. §721.3(b). You indicated to OGC staff that your client FCU provides share draft processing; check collection; ACH origination and receipt; and, wire transfer services to its members. You also indicated the FCU operates a centralized vault, picking up and delivering coin and currency to its branch facilities as needed. As the FCU currently offers these services to its members and performs a cash center function for its own operation, these activities meet the definition of correspondent services.

Pursuant to the FCU Act, an FCU is expressly authorized to extend lines of credit to other credit unions, subject to approval by the FCU's board. 12 USC §1757(5)(C).

Sincerely,

/S/

Hattie M. Ulan  
Associate General Counsel

GC/LKD:bhs  
10-1169