

August 6, 1996

Douglas Duerr
President and CEO
National Association of State Credit Union Supervisors
Suite 203
1901 N. Moore Street
Arlington, VA 22209

Re: Configuration of an Uninsured Account
(Your Letter to David Marquis dated June 3, 1996)

Dear Mr. Duerr:

We have been asked by the Office of Examination and Insurance to respond to your question whether federally insured state chartered credit unions ("FISCUs") can offer their members share and deposit accounts that are ineligible for National Credit Union Share Insurance Fund ("NCUSIF") coverage.

NCUA Regulations prohibit federal credit unions and FISCUs from offering non-federally insured share and deposit accounts to their members. 12 C.F.R. §741.9. Our regulations were recently clarified to allow FISCUs to offer non-federally insured share and deposit accounts to nonmembers if permitted under state law. 12 C.F.R. §741.10. When a FISCU offers non-federally insured accounts, it must identify the non-federally insured accounts on the forms and reports it submits to NCUA and must notify the nonmember accountholders that the accounts are not federally insured by NCUSIF. We also suggest that the FISCU contact the Federal Trade Commission to determine whether other regulations apply to offering non-federally insured accounts.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/JSM:bhs
SSIC 3500
96-0638

cc: Director, Office of Examination and Insurance