

December 2, 2003

John K. Weinstein, County Treasurer  
County of Allegheny  
436 Grant Street  
Pittsburgh, PA 15219-2497

Re: Credit Union Participation in BidAllegheny Program.

Dear Mr. Weinstein:

You have asked if credit unions are authorized to accept public unit deposits as part of their participation in the "BidAllegheny Program." Federal credit unions (FCUs) are authorized to accept public unit deposits within certain flexible regulatory limits noted below. Whether state-chartered credit unions in Pennsylvania may participate is a determination on which we defer to the Credit Union Administrator of the Pennsylvania Department of Banking, their primary regulator.

You have informed us the "BidAllegheny Program" is an on-line auction in which Allegheny County offers for bid general funds for placement in certificates of deposit or share certificates. Approximately \$250 million have been placed through this bidding process. Allegheny County has incrementally broadened the kind and location of financial institutions it invites to participate in the program and is now contemplating including credit unions in Western Pennsylvania.

The Federal Credit Union Act authorizes FCUs to receive share deposits from public units and their political subdivisions, such as Allegheny County. 12 U.S.C. §1757(6); 12 C.F.R. §745.1. An FCU may accept public unit and nonmember shares up to 20% of its total shares or \$1.5 million, whichever is greater, and may exceed these limits with NCUA's approval. 12 C.F.R. §701.32. FCUs that qualify under NCUA's Regulatory Flexibility Program are not subject to any limit on investment in public unit deposits. 12 C.F.R. §742.4. If federally-insured Pennsylvania credit unions are authorized by state law to receive share deposits from public units and their political subdivisions, such as Allegheny County, then those credit unions are subject to §701.32 of NCUA's regulations. 12 C.F.R. §741.204.

Thank you for contacting us about this opportunity for FCUs and please contact us if you have any additional questions or if we can be of further assistance.

Sincerely,

Sheila A. Albin  
Associate General Counsel  
GC/FSK:bhs  
03-1011