

April 15, 2004

Del D. Provost, President
Members Cooperative Credit Union
101 – 14th Street
Cloquet, MN 55720

Re: Funeral Home as Permissible CUSO Activity.

Dear Mr. Provost:

You have asked if the operation and ownership of a funeral home to serve credit union members is a permissible credit union service organization (CUSO) activity. As explained below, the answer is no.

As background, you noted that your credit union's field of membership is composed in part of various cooperatives. A number of these cooperatives joined together and formed a cooperative funeral home. The funeral home has been very successful. Unfortunately, over the years the number of cooperatives has declined, leaving only one viable cooperative owner of the funeral home. This cooperative has approached your credit union about taking over ownership and operation of the funeral home.

You believe ownership and operation of a funeral home falls within the preapproved permissible CUSO activity of "estate planning." 12 C.F.R. §712.5(f)(2). The preapproved activity of "estate planning" is an activity listed under the broader category of "financial counseling services." In order to qualify as an "estate planning" activity, the activity must first relate to "financial counseling." We do not believe ownership and operation of a funeral home meets the threshold requirement of a "financial counseling" service.

In addition, in order to qualify as a CUSO activity, the activity must relate to the routine daily operations of a credit union. 12 C.F.R. §712.5. Although, as you note, the operation of a funeral home may affect the well being of credit union members, we do not believe it relates to the routine daily operations of a credit union.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
04-0353

cc: Region IV