

## BUREAU OF BANKING

Department of Professional and Financial Regulation

State of Maine

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### Bulletin #69 Credit Union Field of Membership – Members of Households and Immediate Families

The National Credit Union Administration ("NCUA") issued a final rule, 12 CFR Part 701, effective January 1, 1999 implementing the provisions of the Credit Union Membership Access Act (P.L. 105-219). The final rule clarifies overlap issues, mergers, policies regarding low-income charters and service of underserved areas, the definition of immediate family member, and the "once a member, always a member policy." The definitions of local community, neighborhood, or rural district and immediate family member or household were applicable March 5, 1999.

Sections II(H), III(H), IV(H), and V(G) of the NCUA's revised chartering and field of membership manual limit membership in a federal credit union to the following for immediate family members and members of households:

A number of persons, by virtue of their close relationship to a common bond group, may be included, at the charter applicant's option, in the field of membership. These include the following:

- spouses of persons who died while within the field of membership of this credit union;
- employees of this credit union;
- persons retired as pensioners or annuitants from the above employment;
- volunteers;
- member of the immediate family or household;
- and organizations of such persons.

Immediate family is defined as spouse, child, sibling, parent, grandparent, or grandchild. For the purposes of this definition, immediate family member includes stepparents, stepchildren, stepsiblings, and adoptive relationships.

Household is defined as persons living in the same residence maintaining a single economic unit.

Membership eligibility is extended only to individuals who are members of an "immediate family or household" of a credit union member. It is not necessary for the primary member to join the credit union in order for the immediate

family or household member of the primary member to join, provided the immediate family or household clause is included in the field of membership. However, it is necessary for the immediate family member or household member to first join in order for that person's immediate family member or household member to join the credit union. A credit union can adopt a more restrictive definition of immediate family or household.

Title 9-B M.R.S.A. Section 814(1) provides that the members of the immediate families of persons within a credit union's field of membership are also eligible for membership in the credit union. Historically, the Bureau of Banking has taken a similar position to the NCUA's prior policy with respect to "immediate family members." The Bureau of Banking's approach, however, has been somewhat less formal, permitting a credit union to define immediate family members through policy and practice as opposed to a formal definition in the field of membership article of the bylaws.

Title 9-B M.R.S.A. Section 814(1)(A) requires the Bureau of Banking to consider all guidelines established by the NCUA that address the issues of common bond, overlapping field of membership, expansions or conversions of field of membership and the documentation required for amending a field of membership. The Bureau of Banking, in the interest of consistency, has determined that the adoption of the NCUA policy with respect to households and immediate family members is appropriate. Therefore, all state-chartered credit unions that permit household members or family members of persons eligible for membership in the credit union to join the credit union must take one of the following actions on or before June 30, 2000:

1. Credit unions with field of membership articles in their bylaws that address household or family members must amend these articles to conform with NCUA definitions in the NCUA Chartering and Field of Membership Manual, IRPS 99-1.
2. Credit unions with field of membership articles that are silent with respect to households or family members, but which rely upon Title 9-B M.R.S.A. Section 814 to permit household or family members of members to join the credit union, must amend the field of membership article of their bylaws to address the eligibility of household and family members consistent with NCUA definitions in the NCUA Chartering and Field of Membership Manual, IRPS 99-1.

Notwithstanding the above directive regarding conformity with IRPS 99-1, credit unions may adopt more restrictive eligibility requirements for members of households and immediate families and definitions of household and immediate family than contemplated by IRPS 99-1. The field of membership article in the bylaws should accurately reflect the credit union's intent and practice.

Amended bylaws should be submitted to the Bureau of Banking for approval pursuant to Title 9-B M.R.S.A. Section 848. Credit unions are cautioned that

their amended field of membership articles should not merely refer to the NCUA's Chartering and Field of Membership Manual, but should contain specific language addressing members of households and immediate families consistent with the NCUA Chartering and Field of Membership Manual. (Model language is provided below.) These bylaw amendments will not alter the status of current members of the credit union, who shall remain members of credit union after these changes to the field of membership article are effected. This Bulletin provides for a new framework for determining the eligibility of household or immediate family members, which will be consistent for all credit unions going forward.

#### Model Language

A credit union that does not wish to adopt a more restrictive eligibility requirement than permitted by IRPS 99-1 should state in its bylaws that:

Spouses, children, siblings, parents, grandparents, and grandchildren, including step and adoptive relationships, of and persons living in the same residence maintaining a single economic unit with persons within the credit union's field of membership are also eligible for membership.

If you have questions regarding the provisions of this bulletin, please contact Deputy Superintendent Colette Mooney (624-8574) or Chief Bank Examiner Donald Groves (624-8577) at the Bureau of Banking.

/s/ Howard R. Gray, Jr.  
Superintendent