

July 13, 1999

Mary Mitchell Dunn, Associate General Counsel
Credit Union National Association, Inc.
Suite 300
805 15th Street, N.W.
Washington, D.C.20005-2207

Re: Ability of Credit Unions to Offer Electronic Transfer Accounts.

Dear Ms. Dunn:

You have requested a legal opinion as to whether and on what basis federal credit unions can include low-income recipients of federal government benefits in their fields of membership. A low-income individual may be eligible for credit union service in a variety of ways as discussed below.

The Federal Credit Union Act, as amended by the Credit Union Membership Access Act (CUMAA), recognizes three types of credit unions defined in terms of their fields of membership: single common bond, multiple common bond, and community credit unions. 12 U.S.C. §1759(b). Unless low-income individuals share the common bond of association or occupation that is the basis of the field of membership of a single common bond credit union, they will not be eligible to become a member. As you note in your letter, these individuals will be able to join a community credit if they are within the community that is the basis of the field of membership.

A multiple group federal credit union can add to its membership low-income individuals who want to open ETAs in two ways. First, if the low-income individual is within a select group within the credit union's field of membership, the person is eligible for credit union membership. 12 U.S.C. §1759(b); NCUA Chartering Manual, Chapter 2, Section IV.A.1. Second, if the credit union has a low-income association in its field of membership, low-income individuals who join the association are eligible to join the credit union. NCUA Chartering Manual, Chapter 3, Section II.E.

There are two other ways in which low-income individuals can receive federal credit union services. First, all credit unions - single common bond, multiple common bond and community credit unions -- can apply to add underserved areas to their fields of membership without regard to the location of the underserved area. The requirements and process for adding an underserved area are set out in the NCUA Chartering Manual. NCUA Chartering Manual, Chapter 3, Section III. Once added, anyone in the underserved area is eligible to join the credit union. Second, a credit union with a low-income designation can open share accounts, including regular share, share certificate

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and share draft accounts, for nonmembers. 12 U.S.C. §1757(6); 12 C.F.R. §§701.32. 701.34; NCUA Chartering and Field of Membership Manual (Chartering Manual), Chapter 3, Section II.B. Therefore, low-income individuals, who are not otherwise eligible to join a low-income designated credit union as a member, could still establish share accounts, including electronic transfer accounts (ETAs), at a low-income designated credit union. As nonmembers, however, they would not be eligible to vote or hold office or for other credit union services, such as loans.

We recognize, as you do, that statutory field of membership requirements place some limitations on the ability of federal credit unions to provide ETAs to low-income individuals; however, within the limits of the Federal Credit Union Act and the anticipated Treasury Department regulations, we believe that many federal credit unions will be able and seek to offer these accounts.

Sincerely,

Sheila A. Albin
Associate General Counsel

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