

March 1, 2000

Ms. Donna J. Chardeen
New York State Credit Union League
P.O. Box 15118
Albany, New York 12212-5118

Re: Use of Credit Cards After Termination of Membership.

Dear Ms. Chardeen:

You have asked whether individuals who terminate their membership with a federal credit union (FCU) may continue to receive new advances of credit on credit cards issued by the FCU. They cannot.

The Federal Credit Union Act and the Federal Credit Union Bylaws provide that FCUs may only extend credit to members. 12 U.S.C. §1757(5); FCU Bylaws, Art. XI, §1. When a member terminates his or her membership in an FCU, that individual may not obtain further extensions of credit from the FCU. Former members remain obligated to pay any outstanding debts owed to the credit union in accordance with the terms of their credit agreements.

We note that FCUs may issue credit cards to nonmembers under certain circumstances. Many agreements between credit card companies and FCUs permit members who are cardholders to extend the use of their credit cards to nonmember agents. In these circumstances, the member is primarily liable for all amounts advanced under the credit card issued to a nonmember. This subject is discussed at length in the enclosed letter from Hattie Ulan to Patricia Jones, dated April 2, 1991.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/SAA/CJL:bhs
SSIC 3700
00-0133
Enclosure