

June 23, 2000

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Re: Field of Membership Issues When State-Chartered Credit Unions Convert to Federal Charters.

Dear Mr. Schneider:

In a letter to the Office of General Counsel, you asked three questions about field of membership in connection with the conversion of a state-chartered credit union to a federal credit union. We note that you also have had conversations with Office of General Counsel staff that helped us refine and reformulate your questions. Your questions and our answers are as follows:

1) If a multiple common bond federal credit union converts to a state credit union and subsequently converts back to a multiple group federal credit union, will communities that were added to the original federal charter due to an emergency merger be part of the new federal charter?

Communities added as part of an emergency merger approved under 12 U.S.C. §1785(h) of the Federal Credit Union Act will be part of the new federal charter. If the community addition was not added pursuant to the emergency merger authority, the new federal charter will not be able to serve the preexisting community.

2) If a multiple common bond federal credit union converts to a state multiple group charter and subsequently converts back to a multiple group federal charter, will it be able to obtain its old federal charter, even if the old federal charter consists of more than one group with over 3,000 members?

NCUA treats a state charter conversion the same as an initial application for a federal charter. Chapter 4, Section II.A of NCUA's Chartering and Field of Membership Manual. A multiple common bond application with more than one group over 3,000 may be approved as a federal charter, but this does not mean that a state-chartered credit union, which had previously been a federal credit union, would automatically obtain its old federal charter. You should note that the NCUA Board recently proposed various amendments to clarify its chartering policy, including a provision specifically allowing a state-chartered multiple common bond credit union that converts to a federal charter to retain in its field of membership any group that it was serving at the time of conversion.

Under the proposal, any subsequent additions or amendments to the field of

membership would have to comply with federal field of membership policies. 65 F.R. 37065, 37070, and 37083 (June 13, 2000).

3) If a multiple common bond federal credit union converts to a state multiple group charter, adds groups with over 3,000 members and subsequently converts back to a multiple group federal charter, will the credit union be able to continue to serve all of the groups added while it was in the old state chartered credit union's field of membership?

Our response to this question is the same as the answer provided in response to question #2

Sincerely,

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Associate General Counsel

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