

May 27, 1992

William C. Page
CINCO Federal Credit Union
49 East William Howard Taft
Cincinnati, Ohio 45219-1760

Re: Field of Membership (Your March 11, 1992, Letter)

Dear Mr. Page:

You have asked whether the establishment of a branch office in Cincinnati by the National Football League Players' Association (NFLPA), would satisfy NCUA's operational area requirements so that the NFLPA could be added as a select group to CINCO Federal Credit Union (FCU). Operational area requirements can be met only if the NFLPA established its headquarters within the operating area of the FCU. There may be additional requirements that this proposed field of membership expansion must meet.

BACKGROUND

Chartering and field of membership requirements for FCUs are found in Interpretive Ruling and Policy Statement 89-1 (IRPS) (54 FR 31165 (July 27, 1989)). The IRPS has been incorporated into NCUA's Chartering and Field of Membership Policy Manual (Chartering Manual).

The FCU and the NFLPA have been negotiating to add the NFLPA to the FCU's field of membership. The FCU serves multiple groups in Ohio, a number of which are located in and around Cincinnati. The NFLPA, an associational group, is headquartered in Washington, D.C. and has members nationwide. To satisfy the operational area requirements of the Chartering Manual, the NFLPA is considering opening a branch office in Cincinnati or possibly some other arrangement so that NFLPA members will be "paid from" a location in Cincinnati.

ANALYSIS

The addition of the NFLPA to the FCU's field of membership must meet select group addition requirements. (See p. 2-2 of the Chartering Manual.) Chapter 2 of the Chartering Manual states that any select group addition to an FCU must be within the operational area of the home or branch office of the FCU. "Operational area is defined as an area surrounding the home or branch office that can be reasonably served by the applicant as determined by NCUA." Operational area is defined by the regional office. An operational area of 25 miles or commuting distance from the home or branch office is generally acceptable. An associational group can meet operational area requirements if its headquarters or a majority of its members are within the FCU's operational area. An occupational group, unlike an associational group, can also meet operational area requirements if its "paid from" location is in the operational area of the FCU. Therefore, only if the NFLPA establishes its headquarters within the FCU's operational area, will it be eligible for inclusion in your field of membership based on the operational area requirements set forth in the Chartering Manual. The establishment of any other type of office of the NFLPA in Cincinnati is insufficient to meet the requirements of the Chartering Manual. Furthermore, the Chartering Manual states that "special care will be exercised by the Regional Directors in considering requests for select associational group expansions where the association's membership is geographically dispersed."

There also may be an overlap problem with this proposed field of membership expansion. The NFLPA is currently within the field of membership of AT&T Washington Federal Credit Union located in Arlington,

Virginia. An overlap exists when a group of persons is eligible for membership in two or more credit unions. It is NCUA policy to avoid overlaps. NCUA further encourages credit unions involved in an overlap or potential overlap situation to work out the problems between and among themselves. The discussion on overlaps in the Chartering Manual is enclosed.

You also expressed concern about the difficulty imposed upon an FCU serving a group that is dispersed nationwide. It is possible to serve groups with a nationwide membership; a number of credit unions manage it. However, adherence to the Chartering Manual is required.

One additional note. A Regional Director can deny a field of membership expansion request, that otherwise meets the technical requirements of the Chartering Manual, if it poses potential safety and soundness problems.

Sincerely,

Hattie M. Ulan
Associate General Counsel

Enclosure

GC/MM:sg
SSIC 6010
92-0323

cc: Board Member Swan
Region IV Director

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