

October 18, 1996

Mercedes M. Barreras Soler, Esq.  
Goldman, Antonetti & Cordova  
American International Plaza, Fourteenth Floor  
250 Munoz Rivera Avenue  
Hato Rey, Puerto Rico 00918

Re: Shares, Share Drafts, and Share Certificates (Your September 18, 1996 Letter)

Dear Ms. Soler:

In your letter, you request a written opinion from NCUA confirming that Federal Credit Unions ("FCU") can issue share drafts and share certificates in joint tenancy with right of survivorship. You specifically want to establish that any reference made to "shares" in section 109 of the FCU Act ("Act"), does not preclude the issuance of share certificates and share drafts certificates in joint tenancy with right of survivorship.

Section 109 of the Act provides in pertinent part that "[s]hares may be issued in joint tenancy with right of survivorship." 12 U.S.C. §1759. This joint tenancy clause was added to section 109 in 1946. See 12 U.S.C. §1759, Historical and Statutory Notes. At that time, FCUs could only accept from its members payments on shares. Thus, when the Act was amended to include the joint tenancy clause, the issuance of share certificates and share drafts was not permissible and would not have been covered in section 109.

Since 1946, the Act has been amended to provide that FCUs may issue share certificates and share drafts, as well as regular shares. 12 U.S.C. §1757(6). When section 109 is read *in pari materia* with section 107(6) and the Act's other provisions, we conclude that any reference to "shares" in section 109 also encompasses share certificates and share drafts. Hence, you are correct in stating that under the Act, FCUs are authorized to issue shares, share certificates and share drafts in joint tenancy with right of survivorship.

Sincerely,

Richard S. Schulman  
Associate General Counsel

GC/NSW:bhs  
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96-0934