

February 13, 1997

Rob Sisk
Vice President
The Sisk Company, Inc.
4055 International Plaza
Fort Worth, Texas 76109-9973

Re: Associational Common Bond
(Your November 7, 1996 and December 16, 1996 Letters)

Dear Mr. Sisk:

You have asked whether the Sisk Association meets the requirements for an associational common bond under NCUA's Chartering and Field of Membership Manual ("Chartering Manual")(IRPS 94-1 as amended). The Sisk Association appears to qualify as an association under NCUA's field of membership policy. Unfortunately, due to recent court action, the group is not currently able to join a federally chartered multiple group federal credit union and a multiple group federal credit union can not currently convert its charter to a credit union sponsored by the Sisk Association.

ANALYSIS

Chapter 1, Section II.B.1 of the Chartering Manual states in part that:

Qualifying associational groups must hold meetings open to all natural person members at least once a year, must sponsor other activities which clearly demonstrate that the members of the group meet and interact regularly to accomplish the objectives of the association, and must have an authoritative definition of who is eligible for membership - usually, this will be the association's charter and bylaws.

In determining whether a group satisfies the common bond requirement for a federal credit union charter, NCUA will consider the totality of the circumstances -- such as whether members pay dues, have voting rights, and hold office, whether the group maintains a membership list, the clarity of the associational group's definition and compactness of its membership, and the frequency of meetings and the interaction of members. A support group, whose members are continually changing, may not meet the criteria.

Chapter 1, Section II.B.4 states in part that:

associations formed primarily to obtain a federal credit union charter do not have a sufficient associational common bond. Similarly, associations based on a client-customer relationship - for example, an insurance company and its customers or a buyers club and its members - do not have a sufficient associational common bond.

The Sisk Association has many attributes of an association for purposes of field of membership. The purpose of the Sisk Association is to educate members regarding consumer rights and business opportunities as well as to offer members various discounted goods and services as they are offered or endorsed by the Sisk Corporation. Anyone willing to pay the dues may become a member of the Association. Although members have voting rights, the membership application requires the member to provide a voting proxy to the Secretary of the Association. The ability of the members to hold office is somewhat restrictive since Article 5.03 of the Bylaws requires that new directors must be nominated by existing Directors. In our phone conversations you have informed me that the Sisk Association also sponsors seminars for its

members. The association was not formed solely to obtain credit union service and is not primarily based on a client customer relationship. Based on the totality of the circumstances, the Sisk Association appears to meet the requirements for an associational common bond. If you wish to apply for an associational charter you should coordinate with the appropriate regional office. The region will evaluate the permissibility of the common bond as well as other considerations when reviewing the charter application.

Sincerely,

Michael J. McKenna
Acting Associate General Counsel

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