



National Credit Union Administration

May 1, 2015

American Bankers Association
1120 Connecticut Avenue
Washington, D.C. 20036

Dear Ladies and Gentlemen:

RE: Monthly Membership Fees

This letter responds to a request from Keith J. Leggett, then Senior Vice President and Senior Economist. Mr. Leggett asked whether federal credit unions ("FCUs") may charge monthly membership fees. No, FCUs may not charge periodic membership fees, but they may charge a uniform entrance fee and account or service-related fees.

Section 109 of the Federal Credit Union Act ("FCUA") governs membership in FCUs. Members may join an FCU upon subscribing to at least one share of its stock and paying the initial installment on the share and "a uniform entrance fee if required by the board of directors." 12 U.S.C. § 1759(a). In a 1993 Legal Opinion Letter, No. 93-0226, NCUA opined that the mention of the entrance fee without the mention of other membership fees forecloses an FCU's ability to assess annual membership fees. NCUA Legal Opinion Letter No. 93-0226, *available at* <http://www.ncua.gov/Legal/OpinionLetters/OL1993-0226.pdf>. Congress has not amended the relevant part of this provision, and NCUA's existing interpretation of this provision has not changed.

FCUs may charge a uniform, one-time entrance fee to members under Section 109 of the FCUA. FCUs may also charge other fees for account services and other financial products. These fees are legally distinct from a membership fee because several other provisions of the FCUA expressly permit them. *See* 12 U.S.C. § 1757(1), (5), (6), (17) (authorizing FCUs to make contracts and loans, to receive payments on shares subject to the terms, rates, and conditions that its board sets, except as limited by the NCUA Board, and to exercise incidental powers); *see also* 12 C.F.R. § 701.35(c) (authorizing FCUs to determine fees and charges for opening, maintaining, and closing share, share draft, and share certificate accounts).

These fees and charges, however, may not be membership fees that serve as a condition on continued membership. As the 1993 Legal Opinion explains, because Congress placed certain specific conditions on membership, it implicitly excluded all other possible conditions.

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Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. McKenna", with a long horizontal flourish extending to the right.

Michael J. McKenna
General Counsel

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SSIC 3900
14-0902