

NCUA LETTER TO FEDERAL CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: July 2015

LETTER NO: 15-FCU-03

TO: All Federal Credit Unions

SUBJ: How to Add Associations to Your Field of Membership

**ENCL: (1) Highlights of Associational Common Bond Rule Implementation
Policy for OCP Staff**

**(2) Supervisory Letter to Field Staff on Associational Common
Bond Requirements**

Dear Board of Directors and Chief Executive Officer:

If your federal credit union (FCU) serves associations in your field of membership, or is contemplating doing so, you will benefit from the enclosed new NCUA guidance describing our modernized associational common bond rule.

On April 30, 2015, a majority of the NCUA Board approved a new final rule on Associational Common Bonds to provide regulatory relief to federal credit unions seeking to add associations to their field of membership. **Effective July 6, 2015, NCUA provides automatic approval of 12 categories of associations:**¹

1. Alumni associations;
2. Religious organizations, including churches or groups of related churches;
3. Electric cooperatives;
4. Homeowner associations;
5. Labor unions;
6. Scouting groups;
7. Parent-teacher associations organized at the local level to serve a single school district;
8. Chamber of Commerce groups (members only, not employees of members);
9. Athletic booster clubs whose members have voting rights;
10. Fraternal organizations or civic groups with a mission of community service whose members have voting rights;
11. Organizations with a mission based on preserving or furthering the culture of a particular national or ethnic origin; and
12. Organizations promoting social interaction or educational initiatives among persons sharing a common occupational profession.

¹ Qualified associations already within an FCU's field of membership as of July 6, 2015, are grandfathered and not subject to the new requirements of the Rule. Expansion applications received before July 6, 2015, are being processed under Chartering and Field of Membership Manual requirements in effect before July 6, 2015.

Based on past experience, **the majority of associations are now eligible for FCU membership under one of these 12 categories of automatically qualifying groups.**

NCUA has updated the Field of Membership Internet Application (FOMIA) system to accommodate the 12 categories of associations that automatically qualify as valid associations. **The new system allows FCUs to receive an immediate electronic confirmation of approved applications.**

For associations that do *not* qualify for the above categories of pre-approved association groups, **NCUA is streamlining the approval process. The rule clarifies the four most important criteria NCUA considers to approve a valid association:**

1. Whether the association provides opportunities for members to participate in the furtherance of the goals of the association;
2. Whether the association maintains a membership list;
3. Whether the association sponsors other activities; and
4. Whether the association's membership eligibility requirements are authoritative.

To ensure NCUA staff consistently apply the new rule, the Director of the Office of Consumer Protection (OCP) issued an internal instruction to OCP staff, and the Director of the Office of Examination and Insurance issued a Supervisory Letter to field staff. Enclosed are highlights of the OCP instruction and a copy of the Supervisory Letter. These documents are intended to provide FCUs with a better understanding of NCUA's regulatory focus and procedures for handling associational common bond matters.

I also want to make you aware of additional NCUA resources available to assist your FCU in addressing a variety of chartering and field of membership issues. OCP's chartering and field of membership resources web page aggregates all the information in one central location. The webpage is available [here](#) and includes links to updated FOMIA User Instructions and Frequently Asked Questions.

If you have any questions about this letter, please contact the OCP Divisions of Consumer Access and Consumer Access-South at (703) 518-1150 or at DCAmail@ncua.gov.

Sincerely,

Debbie Matz
Chairman

Enclosures