

July 8, 1992

Stacy M. Sheard  
Governmental Affairs Specialist  
Arizona Credit Union League  
3611 North Black Canyon Highway  
Phoenix, Arizona 85015

Re: Joint Owner vs. Member (Your June 22, 1992, Letter)

Dear Ms. Sheard:

You requested clarification of the difference between a joint owner of a federal credit union ("FCU") account and a "joint member" of the FCU, with regard to loans, voting rights, and eligibility for office. Basically, a member has the right to obtain a loan, vote, and run for FCU office, while a joint owner who is not a member does not have any of those rights.

You describe a hypothetical situation in which John and Mary Doe own a joint account in an FCU. John is member of the FCU; Mary is not a member. Mary wishes to obtain a loan in her own name, without John's signature, but does not want to open a separate share account. You ask whether Mary may become a member of the FCU and eligible for a loan by filling out a membership card with the same account number as John.

An individual seeking membership in an FCU must first of all be within the FCU's field of membership. Assuming that he meets that requirement, the individual must complete a membership application, purchase (or pay the initial installment on) one share of stock, and pay any applicable entrance fee. (See, 12 U.S.C. 1759.) In the case of joint account owner, however, the requirement for the purchase of a share is satisfied by the individual's interest in the joint account; the would be member need not purchase a share and open a new account. Section 5030.1.5 of the NCUA Accounting Manual, to which you refer in your letter, addresses this situation, stating, "[i]f the joint owner is within the field of membership, that person may become a member by filling out" an application for membership "and paying the entrance fee, if any. A separate individual account for each joint member is not needed." Therefore, Mary could join by completing a membership application and paying any entrance fee, without opening a separate account provided that she is within the FCU's field of membership.

Once admitted to membership, Mary would be entitled to vote and hold office (see, 12 U.S.C. 1759), as well as to obtain loans from the FCU (see, 12 U.S.C. 1757(5) and 1759). (We note, however, that should Mary wish to pledge the shares in the joint account as security for her loan, she would have to obtain John's signature. See, Section 5030.1.5 of the Accounting Manual.) If Mary remains a joint account owner but does not become a member, she has no right to vote, hold office, or obtain a loan.

You ask that we "keep in mind that Arizona is a community property state." That fact has no effect on our opinion. However, if you believe that Arizona law would affect this issue, you should consult local counsel.

Sincerely,

Hattie M. Ulan  
Associate General Counsel

GC/MRS:sg

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