

August 10, 1998

Robert J. Macey, Business Development Coordinator  
Century Heritage Federal Credit Union  
9 South Second Street  
Duquesne, Pennsylvania 15110

Re: Membership Requirements and Organizational Accounts,  
Your Letter dated May 29, 1998.

Dear Mr. Macey:

You have asked two questions regarding organizational accounts in a federal credit union (FCU). First, you ask whether a company may be a member of an FCU. There are three ways an organization may qualify for membership: (1) if the organization is specifically listed in the FCU's charter as a member; (2) with respect to a community chartered FCU, if the organization is a business or other legal entity located within the geographic limits of the field of membership; and (3) if an FCU's charter includes in its field of membership "organization of such persons" and the organization is composed exclusively of persons currently within the FCU's field of membership. The attached letter from me to David P. Hagar, dated March 28, 1997, discusses the meaning and limitations of the phrase "organization of such persons."

Second, you ask whether a member may open an account on behalf of an organization in which the member is an officer. This is only permissible if the organization qualifies for membership in one of the ways described above. An FCU is not authorized to open an account on behalf of a nonmember. 12 U.S.C. §1757(6). In your examples of a nonprofit club or social group such as a bowling league, a likely way such organizations would be able to qualify for membership would be as an organization of such persons. For your information, our regulations provide that organization accounts are generally insured separately from the accounts of the person or persons who own or comprise the organization. 12 C.F.R. §745.6.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/MFR:bhs  
SSIC 6010  
98-0618  
Enclosure