

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of
Milford Federal Credit Union

Docket No. 00-FOM-004

Decision and Order on Appeal

This matter comes before the National Credit Union Administration Board (Board) on appeal from the Milford Federal Credit Union (Appellant or Credit Union). The Region I Director denied the Appellant's application to add Integrated Team Associates (an association) to its field of membership, and upon Appellant's request for reconsideration, denied the application a second time.

Background

Appellant is a multiple common bond (occupational) credit union located in Milford, Connecticut. It was originally chartered to serve employees of the town of Milford and now serves sixteen employee groups. It presently has 2300 members with 2500 potential members and is operationally sound. In October 1999, the Appellant submitted its application for a field of membership amendment to add Integrated Team Associates to its field of membership. The association has been in existence for less than a year, has 8 natural person members and 14 non-natural person members. The association has no specific membership qualifications, holds monthly meetings and charges dues, but does not sponsor any independent activities. The founder of the group has stated in telephone conversations with NCUA staff that a primary purpose of Integrated Team Associates is to enable its members to be eligible for membership in the Credit Union. The Region V Director denied the application to add Integrated Team Associates in December 1999. The Appellant then filed a request for reconsideration that was denied by the Region in February 2000. The denial was based on the Region's determination that the primary purpose of Integrated Team Associates was to enable its members to join the Credit Union and that its members did not share an acceptable associational common bond. The Credit Union filed its appeal on March 10, 2000.

Issue for Appeal

The issue in the matter of this appeal is whether Integrated Team Associates meets the standards for an associational common bond.

Analysis and Applicable Law and Policy

Section 109(b)(2) of the Federal Credit Union Act, 12 U.S.C. 1759(b)(2), states that "a multiple common bond credit union consists of more than one group, each of which has a common bond of occupation or association." Interpretive Ruling and Policy Statement 99-1 (IRPS 99-1)[\[1\]](#), NCUA's chartering and field of membership policy, defines common bond as:

The characteristic or combination of characteristics which distinguishes a particular group of persons from the general public. There are two common bonds which can serve as a basis for ... being included in an existing federal credit union's field of membership: occupational ... and associational – membership in the same association.

Chartering Manual, App. A, A-1. The Board has also defined associational common bond

as:

A common bond comprised of members and employees of a recognized association. It includes individuals (natural persons) and/or groups (non natural persons) whose members participate in activities developing common loyalties, mutual benefits, and mutual interests.

Chartering Manual, *Id.* See also, Ch. 2, III.A.1, p. 2-15.

The Chartering Manual offers further guidance in evaluating associational groups:

Qualifying associational groups must hold meetings open to all members, must sponsor other activities which demonstrate that the members of the group meet to accomplish the objectives of the association, and must have an authoritative definition of who is eligible for membership. Usually, this will be found in the association's charter and bylaws.

The common bond for an associational group cannot be established simply on the basis that the association exists.

Chartering Manual at p. 2-16.

The Chartering Manual also provides a special rule for low-income credit unions allowing them to add associational groups formed solely for the purpose of making credit union service available to low-income persons. Chartering Manual at p. 3-2. Since Appellant is not a low-income credit union, this rule does not apply.

Although Integrated Team Associates does hold meetings open to all members, it does not have an authoritative definition of who is eligible for membership nor does it sponsor independent activities. It does not meet the associational common bond requirements of IRPS 99-1.

Order

Based on the NCUA Board's determination the associational common bond requirements have not been met, it is ordered as follows:

The Region I Director's decision denying Milford Federal Credit Union's application to add Integrated Team Associates to its field of membership is upheld and the appeal is denied.

So **Ordered** this 7th day of September, 2000, by the National Credit Union Administration Board.

Becky Baker
Secretary of the Board

[\[1\]](#) IRPS 99-1 is set forth in NCUA's Chartering Manual, NCUA 8007/M6001 (Jan. 1999). References to the Chartering Manual are to the Jan. 1999 edition.