

May 7, 1991

Duane E. Hinrichs, President/CEO
Meredith Credit Union
1831 25th Street
West Des Moines, Iowa 50265

Re: Sponsor Liability for Credit Union Operations (Your April 12, 1991 Letter)

Dear Mr. Hinrichs:

You asked for our opinion as to whether Meredith Corporation ("sponsor"), the primary sponsor of Meredith Credit Union ("MCU"), has any legal liability arising from the credit union's operations, based on the similarity in the names of the sponsor and MCU. The National Credit Union Administration ("NCUA") charters and regulates only federal credit unions ("FCUs"); we are unable to render an opinion on your particular situation, because MCU is a state chartered credit union, rather than an FCU. However, for your information we will briefly discuss sponsor liability arising from the operations of an FCU with a name similar to that of the sponsor.

An FCU is chartered by the NCUA pursuant to the Federal Credit Union Act, 12 U.S.C. Section 1751 et seq. Upon being chartered, an FCU becomes a body corporate, subject to the limitations, vested with the powers, and charged with the liability conferred and imposed by that Act. 12 U.S.C. Section 1754. It is a legal entity, separate and distinct from its namesake and from any organization whose members or employees constitute the membership of the FCU. An FCU's sponsor is not legally responsible for the actions of the FCU or its officers, nor is the FCU legally responsible for any actions of the sponsor.

We caution you again that our opinion applies only to federal credit unions. Should you desire an opinion regarding liability of a sponsor of a state chartered credit union, we suggest that you consult local counsel and/or your state credit union regulator.

Sincerely,

Hattie M. Ulan
Associate General Counsel

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