

March 15, 1995

Charles Howard, Manager
Tulsa Municipal Employees Federal Credit Union
1120 West 17th Street
Tulsa, OK 74107-1899

Re: Credit Card for Nonmember Sponsor (Your Letter of January 20, 1995)

Dear Mr. Howard:

You requested an opinion regarding whether your credit union (the "FCU") could issue a corporate credit card to the Tulsa County (the "County") Sheriff's department. The program contemplates that the cards would be internally assigned to various deputies and guards to be used while conducting official department business. The County would have the legal authority and ability to annually issue a letter guaranteeing the full repayment of any debts arising from the utilization of such credit cards. The credit card agreement and debt instrument would be signed by the County Commissioners.

According to your letter, and your charter, the County is not now within the field of membership (FOM) of the FCU. Unless the County was added into the FOM, the FCU cannot provide any services to the County, such as the planned credit card service to the County Sheriff's Department. If the County is added to the FOM, the FCU could provide the County with a credit card service, subject to FCU Bylaw provisions. Article XII, Section 1 of the FCU Bylaws limits loans to nonnatural person members to their shareholdings in the FCU.¹ If you pursue this option, it would be incumbent on the FCU to demonstrate to NCUA's satisfaction that any letter guarantee would be equivalent to shareholdings in the FCU. We have enclosed several former NCUA opinion letters regarding nonmember services for your review.²

Charles Howard

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If you have further questions, please contact Jon Lander, Director, Supervision, Region V, on (512) 482-4500.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/MSG:sg
SSIC 4650
95-0206

cc: Jon Lander, Region V

¹ Although a nonstandard bylaw amendment exists to permit loans to nonnatural person members in excess of their shareholdings in the FCU, it presently covers only partnership, closely-held corporation, and other associational nonnatural person members. FCU Standard Bylaw Amendments and Guidelines, p. 15. An application for a nonstandard bylaw amendment to extend this to municipal, county, and other governmental bodies would need to be submitted to the Region. See 12 C.F.R. 790.3; and FCU Standard Bylaws,

Foreward.

2 See Letter from Hattie Ulan, Associate General Counsel, to Patricia Jones, Comptroller, White Sands FCU, Re: Credit Cards Issued By Federal Credit Unions to Nonmembers, dated April 2, 1991; Letter from Ms. Ulan to R.J. Oatley, President, American Airlines Employees FCU, Re: Credit Card Processing, dated May 23, 1990; and Letter from Ms. Ulan to Jacqueline Owens, Division Counsel, New York State Credit Union League, Inc., dated December 29, 1988.

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