

September 22, 1997

Ron Martin, President/CEO
Mission Federal Credit Union
P.O. Box 919023
San Diego, CA 92191-9023

Re: Proposed Signage Change
Your letter dated June 12, 1997

Dear Mr. Martin:

We apologize for the delay in responding to your inquiry. Your inquiry has required substantial consideration because we are changing a previously stated position and, as discussed below, will permit you to use a tradename in your signage as you have requested.

You have asked if you could erect a sign reading "Mission Fed, a Federal Credit Union, Serving the Educational Community." You state that you have registered your trademark of the bell, your name and the name "Mission Fed," and "Serving the Educational Community." You do not want to include on the sign your official charter name which is Mission Federal Credit Union because you think it would be redundant. We have no objection to your proposed signage.

NCUA regulation precludes any advertising, including signs, that is inaccurate or deceptive or that misrepresents the services, contracts or financial condition of a federally insured credit union. 12 C.F.R. §740.2. Additionally, NCUA makes it the responsibility of federal credit unions (FCUs) to ensure that an FCU's name "does not constitute an infringement on the name of any corporation" in its trade area. Interpretive Ruling and Policy Statement 94-1, Chartering and Field of Membership Policy (IRPS 94-1), 59 Fed.Reg. 29,066 (1994).

In the past, NCUA interpreted these rules as barring FCUs from using trade names, rather than their official charter names. We are changing our interpretation of these rules. It is now our opinion that an FCU may use a tradename in advertising, such as signs, as long as the advertising complies with the provisions of Part 740 of the NCUA regulations. Briefly summarized, this means that advertising must not be inaccurate or deceptive or misrepresent a credit union's services.

We note that in your case you have registered your mark and name with the U.S. Patent and Trademark Office. We believe that it is the responsibility of any federally insured credit union that elects to use a tradename to ensure that the use of a tradename will not violate the rights that another party may have in that tradename.

Please note that the official charter name must be used in all official or legal communications or documents. For example, you must use your official charter name in any communication with the NCUA or other government agencies. Further, you must use the official charter name in legal documents such as consumer disclosures, contracts (including loans, lines of credit, and mortgages), real estate titles, lien registrations, stock and securities, and all other documents purporting to bind the FCU to legal responsibilities or obligations. There is also the specific NCUA regulation that requires that the official charter name of a federally insured credit union be posted when a credit union service center provides services to more than one credit union and some of those credit unions are not federally insured. 12 C.F.R. §740.3(c). This requirement is to ensure that members are aware of which credit union has federal share insurance.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/SAA/MSC:sg
SSIC 4690
97-0637

cc: Region VI