

DCU Opinion Number 99-4

Date: November 30, 1999

From: J. Parker Cann, Assistant Director

Subject: Family Members Of Primary Member May Join Credit Union Even Though Primary Member Ceases To Be Part Of FOM Group

Issue

A credit union's bylaws allow certain family members of primary members to join the credit union. Are the family members eligible to join the credit union, even if the primary member ceases to be part of an FOM group of the credit union?

Analysis

An example will help illustrate the issue here. The following steps are in chronological order:

1. Joe becomes an employee of ABC Company, and consequently is eligible to join Friendly Credit Union. The credit union's FOM bylaws permit certain family members to join, including siblings. Consequently, Joe's sister Jane is also eligible to join the credit union.
2. Joe joins the credit union. Joe is considered to be the primary member in this example.
3. Some time later, Joe resigns from ABC Company, but retains his membership in the credit union. The credit union's bylaws do not require Joe to terminate his membership because he left ABC.
4. Jane wants to join the credit union.

The issue here is: Can Jane join the credit union, because of Joe's continuing membership in the credit union, even though he has left ABC Company? We understand that as a matter of practice, credit unions commonly admit family members in Jane's situation.

Credit unions may include occupational groups in their FOM bylaws, including employees and certain other individuals, "and their family members." See RCW 31.12.382; WAC 208-472-015(3). Credit unions may also include members of associational groups and persons who live or work in communities in their FOM bylaws. See RCW 31.12.382; WAC 208-472-015(2) and (4). In addition, by Division interpretation, credit unions may include in their FOM bylaws:

- The family members of members of associational groups; and
- The family members of persons who live or work in communities.

The Division has left it to each credit union to reasonably define "family members" in its FOM Bylaws.

In the hypothetical, although Joe would no longer be eligible to re-join the credit union if he terminated his membership after leaving employment at ABC Company, Joe may retain his membership in the credit union, under the “once a member, always a member” principle.

The Washington Credit Union Act and the Division’s rules do not expressly cover the issue presented by our hypothetical. However, we believe that the legislature did not intend such a narrow or literal interpretation of field of membership eligibility. As a member, Joe clearly enjoys a common bond with other credit union members and is part of the credit union’s field of membership. In a sense, his eligibility to join has merged with his membership. We believe that it is reasonable for the primary member’s family to continue to be eligible to join the credit union, even though the primary member ceases to be part of a FOM group of the credit union. Consequently, in our hypothetical, Jane would continue to be eligible to join the credit union. However, this would not be the case if Joe had terminated his membership with the credit union before Jane decided to join the credit union.

The NCUA staff has reached the same conclusion for federal credit unions. See NCUA Opinion Letter No. 95-0214, dated August 1, 1995, by Richard S. Schulman.

Conclusion

Yes, credit unions that include family members in their FOM bylaws may allow family members to join the credit union, even though the primary member ceases to be part of an FOM group, as long as the primary member continues his or her membership in the credit union.