

Appendix 2: SECTION 101 OF CREDIT UNION MEMBERSHIP ACCESS ACT

SEC. 101. FIELDS OF MEMBERSHIP.

Section 109 of the Federal Credit Union Act (12 U.S.C. 1759)

is amended—

(1) in the first sentence—

(A) by striking “Federal credit union membership shall consist of ” and inserting “(a) IN GENERAL.—Subject to subsection

(b), Federal credit union membership shall consist of ”; and

(B) by striking “, except that” and all that follows through “rural district”; and

(2) by adding at the end the following new subsections:

“(b) MEMBERSHIP FIELD.—Subject to the other provisions of this section, the membership of any Federal credit union shall be limited to the membership described in one of the following categories:

“(1) SINGLE COMMON-BOND CREDIT UNION.—One group that has a common bond of occupation or association.

“(2) MULTIPLE COMMON-BOND CREDIT UNION.—More than one group—

“(A) each of which has (within the group) a common bond of occupation or association; and

“(B) the number of members, each of which (at the time the group is first included within the field of membership of a credit union described in this paragraph) does not exceed any numerical limitation applicable under subsection (d).

“(3) COMMUNITY CREDIT UNION.—Persons or organizations within a well-defined local community, neighborhood, or rural district.

“(c) EXCEPTIONS.—

“(1) GRANDFATHERED MEMBERS AND GROUPS.—

“(A) IN GENERAL.—Notwithstanding subsection (b)—

“(i) any person or organization that is a member of any Federal credit union as of the date of enactment of the Credit Union Membership Access Act may remain a member of the credit union after that date

of enactment; and

“(ii) a member of any group whose members constituted a portion of the membership of any Federal credit union as of that date of enactment shall continue to be eligible to become a member of that credit union, by virtue of membership in that group, after that date of enactment.

“(B) SUCCESSORS.—If the common bond of any group referred to in subparagraph (A) is defined by any particular organization or business entity, subparagraph (A) shall continue to apply with respect to any successor to the organization or entity.

“(2) EXCEPTION FOR UNDERSERVED AREAS.—Notwithstanding subsection (b), in the case of a Federal credit union, the field of membership category of which is described in subsection (b)(2), the Board may allow the membership of the credit union to include any person or organization within a local community, neighborhood, or rural district if—

“(A) the Board determines that the local community, neighborhood, or rural district—

“(i) is an ‘investment area’, as defined in section 103(16) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4703(16)), and meets such additional requirements as the Board may impose; and

“(ii) is underserved, based on data of the Board and the Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act), by other depository institutions (as defined in section 19(b)(1)(A) of the Federal Reserve Act); and

“(B) the credit union establishes and maintains an office or facility in the local community, neighborhood, or rural district at which credit union services are available.

“(d) MULTIPLE COMMON-BOND CREDIT UNION GROUP REQUIREMENTS.—

“(1) NUMERICAL LIMITATION.—Except as provided in paragraph (2), only a group with fewer than 3,000 members shall

be eligible to be included in the field of membership category of a credit union described in subsection (b)(2).

“(2) EXCEPTIONS.—In the case of any Federal credit union, the field of membership category of which is described in subsection (b)(2), the numerical limitation in paragraph (1) of this subsection shall not apply with respect to—

“(A) any group that the Board determines, in writing and in accordance with the guidelines and regulations issued under paragraph (3), could not feasibly or reasonably establish a new single common-bond credit union, the field of membership category of which is described in subsection (b)(1) because—

“(i) the group lacks sufficient volunteer and other resources to support the efficient and effective operation of a credit union;

“(ii) the group does not meet the criteria that the Board has determined to be important for the likelihood of success in establishing and managing a new credit union, including demographic characteristics such as geographical location of members, diversity of ages and income levels, and other factors that may affect the financial viability and stability of a credit union; or

“(iii) the group would be unlikely to operate a safe and sound credit union;

“(B) any group transferred from another credit union—

“(i) in connection with a merger or consolidation recommended by the Board or any appropriate State credit union supervisor based on safety and soundness concerns with respect to that other credit union; or

“(ii) by the Board in the Board’s capacity as conservator or liquidating agent with respect to that other credit union; or

“(C) any group transferred in connection with a voluntary merger, having received conditional approval by the Administration of the merger application prior to October 25, 1996, but not having consummated the merger

prior to October 25, 1996, if the merger is consummated not later than 180 days after the date of enactment of the Credit Union Membership Access Act.

“(3) REGULATIONS AND GUIDELINES.—The Board shall issue guidelines or regulations, after notice and opportunity for comment, setting forth the criteria that the Board will apply in determining under this subsection whether or not an additional group may be included within the field of membership category of an existing credit union described in subsection (b)(2).

“(e) ADDITIONAL MEMBERSHIP ELIGIBILITY PROVISIONS.—

“(1) MEMBERSHIP ELIGIBILITY LIMITED TO IMMEDIATE FAMILY OR HOUSEHOLD MEMBERS.—No individual shall be eligible for membership in a credit union on the basis of the relationship of the individual to another person who is eligible for membership in the credit union, unless the individual is a member of the immediate family or household (as those terms are defined by the Board, by regulation) of the other person.

“(2) RETENTION OF MEMBERSHIP.—Except as provided in section 118, once a person becomes a member of a credit union in accordance with this title, that person or organization may remain a member of that credit union until the person or organization chooses to withdraw from the membership of the credit union.”.