



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

August 17, 1987

GC/Hmug
3700

Office of General Counsel

Michael L. Brownfield, Esq.
P.O. Box 1109
Fort Payne, Alabama 35967

Dear Mr. Brownfield:

This is in response to your letter concerning the members of your client, a Federal credit union ("FCU"), who have left the FCU's stated field of membership as provided in its charter.

Our understanding of the situation at the FCU is as follows. In 1963, when the FCU was established, Article II, Section 5 of the FCU's Bylaws stated, in part, that "subject to the conditions herein contained, a member who ceases to be within the field of membership of this Credit Union may retain his membership therein but may not borrow therefrom in excess of his shareholdings" As you know, in 1968 NCUA approved a change to Article II, Section 5 of the Standard Federal Credit Union Bylaws. This change in the standard bylaw provides that the membership of those no longer within the field of membership is terminated immediately unless the board resolves that such members may retain their membership if certain standards are met.

It is unclear whether or not your client adopted this standard bylaw change or retained their 1963 version of the bylaw. If the FCU did not adopt the amendment, the 1963 version of Article II, Section 5 would be applicable and would need to be amended before any memberships could be terminated. If the FCU has adopted the amendment and has not resolved to allow members to retain membership, pursuant to the bylaw, the membership of those individuals who are no longer within the field of membership should be terminated.

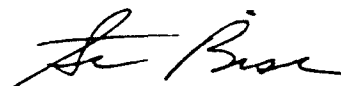
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With respect to a legal challenge by those individuals affected by the amendment, generally, under the terms of the membership and account agreement FCU members agree to abide by the credit union's bylaws and any changes made thereto. Enforcement of this agreement between an FCU and its members will be governed by state contract law.

I hope that we have been of assistance.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

HMU:sg