



GC/HMU's
3600

NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

November 23, 1988

Office of General Counsel

R.E. Miron, President
Greater New Orleans Federal Credit Union
P.O. Box 53311
New Orleans, LA 70153-3311

RE: Bankruptcy Policy (Your October 13, 1988,
Letter)

Dear Mr. Miron:

You asked if a Federal credit union ("FCU") can adopt a bylaw that would deny FCU services to a member when any portion of a member's debt is discharged in bankruptcy. It is our opinion that an FCU can limit services to those that have caused a loss to the FCU due to bankruptcy. An FCU may not withhold the minimum statutory rights of membership -- maintaining a share account and voting at annual or special meetings -- without a formal expulsion. An FCU may also be limited by contractual agreements and by state and Federal laws, including the Bankruptcy Act.

Enclosed are several letters issued by this Office addressing the subject. If you wish to amend your FCU's bylaws with a policy on limitation of services to those that have caused a loss to the FCU through bankruptcy, you must submit the amendatory language to the NCUA Regional Office in Atlanta for approval.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Acting Assistant General Counsel

HMU:sg

Enclosures

FCIA
Vol. V, J, Bankruptcy