



Regulatory Comment: Chartering and Field of Membership

THE ISSUE:

On April 8, 2026, the National Credit Union Administration (NCUA) issued a [notice of proposed rulemaking](#) to amend the associational common bond provisions of its chartering and field of membership (FOM) rules. Under current rules, an association that requires the purchase of its products or services as a condition of membership is categorically excluded from qualifying as a valid associational common bond. The proposed rule would replace that categorical exclusion with a totality-of-the-circumstances evaluation.

IMPACT TO CREDIT UNIONS:

The proposal would expand the universe of associational groups eligible to form single common bond federal credit unions and eligible to be added to the fields of membership of multiple common bond federal credit unions. Federal credit unions seeking to include such groups in their fields of membership would be required to demonstrate that the client-customer relationship is incidental to the group's broader purpose and activities. The change would permit a wider range of fraternal associations, professional organizations, affinity groups, and similar entities to qualify, provided the commercial relationship is supportive or supplementary to the group's activities and common bond.

KEY POINTS:

- The amendment removes the automatic disqualification that currently applies when an association requires the purchase of a product or service as a condition of membership.
- Eligibility determinations would apply a totality-of-the-circumstances evaluation considering the group's structure, scope and degree of activities, and other operational factors.
- The proposal retains the rule that associations based primarily on a client-customer relationship do not meet associational common bond requirements.
- Pre-approved categories of associational groups identified elsewhere in the Chartering Manual continue to qualify automatically without review under the totality-of-the-circumstances test.
- The change applies only to associational common bonds and does not affect occupational common bonds, community charters, or federally insured state-chartered credit unions.

ACTION NEEDED: Deadlines and contacts

Please use the comment link below to respond to America's Credit Unions' survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America's Credit Unions: May 25, 2026 — [Submit here](#).
- Comments due to NCUA: June 8, 2026
- Questions? Contact [James Akin](#), Head of Regulatory Advocacy, America's Credit Unions
- Agency contact: Frank Kressman, General Counsel or Keisha Brooks, Attorney-Advisor, Office of General Counsel, at (703) 518-6540.

QUESTIONS TO CONSIDER:

1. Are there additional factors the NCUA should consider in determining whether a client-customer relationship is incidental to the group's activities, beyond the structural, operational, and activity-based factors identified in the proposal?
2. Should the NCUA provide additional guidance or examples to help federal credit unions distinguish qualifying incidental relationships from disqualifying primary client-customer relationships?

BACKGROUND:

The Chartering Manual (12 CFR part 701, appendix B) implements section 109 of the Federal Credit Union Act, which authorizes three types of federal credit union charters: single common bond, multiple common bond, and community. The proposed rule affects only the associational common bond requirements applicable to single and multiple common bond FCUs. It does not affect occupational common bonds, community charters, or federally insured state-chartered credit unions.

The rules define an associational common bond as a group of members of a recognized association who participate in activities developing common loyalties, mutual benefits, and mutual interests. In 1989, before enactment of the Credit Union Membership Access Act of 1998 (CUMAA), the NCUA established that associations based primarily on a client or customer relationship do not qualify. In 1998, through Interpretive Ruling and Policy Statement 99-1, the Board added that an incidental client-customer relationship does not preclude an associational

charter, illustrated by a fraternal association that offers insurance where the insurance is not a condition of membership.

Neither the FCU Act nor CUMAA specifies whether a client-customer relationship condition is automatically disqualifying. The NCUA has nevertheless interpreted the current example language to create an automatic bar whenever the purchase of a product or service is required as a condition of membership, regardless of other factors. The Board has concluded that this automatic bar is not required by statute and proposes to replace it with a principles-based evaluation that considers the group's activities and circumstances as a whole.

SECTION BY SECTION ANALYSIS:

Chapter 2, Section III.A.1.c: Additional Information (Associational Common Bond)

Current text:

“Associations based primarily on a client-customer relationship do not meet associational common bond requirements. However, having an incidental client-customer relationship does not preclude an associational charter as long as the associational common bond requirements are met. The particular details of a group’s structure, scope and degree of its activities, and other factors surrounding its operation will determine if its relationship with its members is primarily or incidentally a client-customer relationship. For example, a fraternal association that offers insurance, which is not a condition of membership, may qualify as a valid associational common bond.”

Proposed text: *(Changes noted in bold)*

“Associations based primarily on a client-customer relationship do not meet associational common bond requirements. **Health clubs are an example of a group not meeting associational common bond requirements, including YMCAs.** However, having an incidental client-customer relationship does not preclude an associational charter as long as the associational common bond requirements are met. The particular details of a group’s structure, scope and degree of its activities, and other factors surrounding its operation will determine if its relationship with its members is primarily or incidentally a client-customer relationship. For example, **an association** that offers insurance, **even as a condition of membership**, may qualify as a valid associational common bond, **provided that the client-customer relationship is still incidental in relation to the association’s activities and overall circumstances.**”

Impact of Changes:

- Federal credit unions would no longer be precluded from including an associational group in their field of membership solely because the association requires the purchase of a product or service as a condition of membership.
- The evidentiary showing required of federal credit unions would change. Under current rules, a federal credit union must establish that the product or service purchase is not a condition of membership. Under the proposed rule, the federal credit union would need to establish that the client-customer relationship is incidental to the group's broader activities and common bond, based on the totality of the circumstances.
- Federal credit unions would bear responsibility, in chartering or field of membership expansion applications, for providing documentation sufficient to support a totality-of-the-circumstances analysis. Relevant factors identified by the NCUA include the group's structure, the scope and degree of its activities, its purpose and mission, and whether the client-customer relationship is secondary to the group's central purpose for existing.
- The proposed rule does **not**:
 - alter chartering prerequisites unrelated to the common bond analysis, including capitalization requirements and safety and soundness evaluations applicable to the federal credit union sponsoring a field of membership addition.
 - impact pre-approved categories of associational groups identified in the Chartering Manual
 - affect occupational common bond charters, community charters, or federally insured state-chartered credit unions.