



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CREDIT UNIONS

P.O. Box 41200 • Olympia, Washington • 98504-1200

Courier Address: 150 Israel Rd. SW • Tumwater, WA • 98501-6456

Telephone (360) 902-8701 • TDD (360) 664-8126 • (800) 372-8303 • FAX (877) 330-6870 • <http://www.dfi.wa.gov>

April 13, 2011

DCU Interpretive Letter I-11-02

RE: May an individual be re-instated as a member under the “once a member, always a member” principle

Dear:

You recently inquired whether a former member of [REDACTED] may be re-instated as a member, although the individual no longer meets the requirements in the field of membership of [REDACTED]. You asked if [REDACTED] may re-instate the individual under the “once a member, always a member” principle.

As you noted in your email dated February 24, 2011 to [REDACTED], an individual must meet [REDACTED] FOM requirements as described in the bylaws at the time of joining the credit union. In addition, we published an Interpretive Letter 99-3 explaining the “once a member, always a member” principle.¹ This principle allows an individual to continue his existing membership accounts after he leaves the field of membership (typically due to job change or a move out of state). For a Washington state chartered credit union to use the principle, the principle must be added to its bylaws in the field of membership appendix. In addition, I suggest the Board of Directors approve a resolution or provide information in the bylaws as to any requirements for a member to remain a member, such as maintaining a share account at the credit union or other reasonable standards, to qualify under the “once a member, always a member” principle.

This principle does not provide re-instatement for an individual after he terminated his membership with the credit union and no longer meets the field of membership requirements. However, if the closing of his credit union accounts was solely a mistake of [REDACTED], I have no objection to [REDACTED] reinstating a former member as long as [REDACTED] had “once a member, always a member” in place at the time the accounts were closed.

¹ For a copy of Interpretive Letter 99-3, see <http://www.dfi.wa.gov/cu/opinions1999.htm#3>.

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Conclusion

In conclusion, the “once a member, always a member” principle does not permit an individual to be re-instated as a member after:

- 1) his membership has been terminated (typically by closing his accounts), and
- 2) the individual no longer meets field of membership requirements in the bylaws.

An exception is available if the closing of the account was solely a mistake of [REDACTED] and [REDACTED] had “once a member, always a member” in place at the time the accounts were closed. [REDACTED] should document the reasons for the mistake.

The Division of Credit Unions does not provide legal advice. This letter is intended to provide general guidance only and is not a substitute for legal advice to the credit union.

If you have any additional questions, I can be reached at linda.jekel@dfi.wa.gov or by phone (360) 902-8778.

Sincerely,

//s//

Linda Jekel
Director of Credit Unions