

August 16, 1996

Joseph A. Coleman  
Chairman of the Board  
Security Service FCU  
P.O. Box 27377  
San Antonio, TX 78227

Re: Reimbursement of Travel Expenditures (Your June 25, 1996, Letter)

Dear Mr. Coleman:

You have asked whether a federal credit union ("FCU") may reimburse its directors for the director's travel expenses by establishing a per diem or daily allowance.

The National Credit Union Administration's ("NCUA") travel regulations provide FCUs with the flexibility to establish reimbursement programs that meet an FCU's unique needs. 12 C.F.R. §701.33. As described in the regulation's preamble: "The NCUA Board believes that as long as expenditures are reasonable and safety and soundness concerns are met, FCU payment for an official . . . should be within the discretion of the individual FCU." 57 Fed. Reg. 54499, 54500 (November 19, 1992). Accordingly, section 701.33 permits an FCU to reimburse its director's travel costs when: the director travels on official business and incurs reasonable and proper expenses; the FCU's board determines that the payment is necessary or appropriate; and the FCU establishes written policies and procedures. Nevertheless, we suggest that you contact NCUA's Region IV Office to determine whether your proposed per diem program satisfies NCUA's requirements or raises any safety and soundness concerns.

Sincerely,

Richard S. Schulman  
Associate General Counsel

GC/JSM:sg  
SSIC 3500  
96-0709  
cc: Region IV Director