

June 5, 1997

Jonathan Rhodes, Manager/CEO
Georgetown University Employees Federal Credit Union
3700 Reservoir Road, N.W.
Room B7
Washington, D.C. 20007-2197

Re: Members Elected to the BOD, Your letter dated May 5, 1997.

Dear Mr. Rhodes:

You have asked whether a federal credit union (FCU) policy that requires members elected to the board of directors to demonstrate their creditworthiness to the supervisory committee prior to assuming office is permissible. The policy you have described is not permissible because it gives discretion to the supervisory committee to prohibit an individual from serving on the board of directors. It could be enforced to serve as an absolute bar against an FCU member serving on the board of directors. This is in conflict with the Federal Credit Union Act.

The attached letter from James J. Engel to Karl F. Rapp, dated June 30, 1991, explains the options available to an FCU in dealing with the creditworthiness of its future board members.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
SSIC 6100
97-0515

Enclosure

cc: Region II