

April 19, 1999

Mr. Art Corey
Connecticut Credit Union League
110 South Turnpike Road
P.O. Box 5001
Wallingford, Connecticut 06492-7501

Re: Reduction in the Number of Directors During the Election Process.

Dear Mr. Corey:

You have asked whether a federal credit union (FCU) may reduce its number of board directors after the election process has begun and after the board nominees are named. The reduction would reduce the number of seats for which the nominees are vying. Yes, the FCU may reduce the number of directors after the election process has begun, if the FCU's bylaws do not otherwise prohibit the reduction.

The FCU Act requires that an FCU board must have an odd number of directors, at least five. The members elect the directors annually as the bylaws provide. The directors must be members of the FCU. 12 U.S.C. § 1761(a).

The FCU Standard Bylaws and Amendments provide that an FCU board may change its number of directors to any odd number from five to fifteen by resolution of the board. FCU Bylaws, Article VII, Section 1. However, the board may not approve a resolution reducing the number of directors unless: "corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws." Id. If the board increases or decreases the number of its directors, it must file a copy of the resolution approving the increase or decrease with the official copy of the FCU's bylaws. Id. The FCU Standard Bylaws and Amendments do not otherwise limit when a board may reduce the number of directors.

The attached letter from Hattie M. Ulan to Leonard Rosenberg, dated March 23, 1990, describes a situation where an FCU changed its bylaws to reduce the number of directors so that an election was no longer necessary.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/RMM:bhs
SSIC 3701
99-0233
Enclosure