

GC/HMU:sg v 3700

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FROM: Steven R. Bisker
Assistant General Counsel

SUBJECT Board of Directors' Eligibility Requirement

DATE: August 8, 1986

We recently received a memorandum from [] requesting our opinion on the approval of a nonstandard bylaw amendment to Article VI, Section 7 of the Bylaws, which would impose a limitation on who can serve on the FCU's board of directors (ie., active employees of the sponsor).

Generally, it has been our longstanding position that the only requirements for eligibility to serve on the board of directors of an FCU are those imposed by the FCU Act. Section 111 of the FCU Act, 12 U.S.C. §1761, requires that the board of directors composed of credit union members. Prior legal opinions have stated that the mere fact of membership entitles a member to the opportunity to become a director. However, an exception to our position is contained in Article VI, Section 7 of the standard FCU Bylaws which permits the board of directors, by resolution, to establish a minimum age of not greater than sixteen as an eligibility requirement to hold elective office. Additionally, there is a standard amendment increasing the minimum age for directors to eighteen.

We are aware that at least one Region has approved nonstandard amendments limiting the number of retirees permitted to serve an FCU's board of directors and another nonstandard amendment requiring that only FCU members with valid security clearances permitted to serve on the board. We request any information of these and other nonstandard amendments to the bylaws approved your Region that impose eligibility requirements on serving on the board. Your position on the approval/disapproval of such amendments from a policy standpoint is also requested.

If possible, please forward your comments to Hattie Ulan of this Office by August 25, 1986.