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FROM: Assistant General Counsel
Timothy P. McCollum

SUBJ: Nonstandard Bylaw Amendment; []
(Your July 26, 1988, Memorandum)

DATE: September 7, 1988

You have asked for our comments on a nonstandard bylaw amendment to Article VIII, Section 1, of the Standard Bylaws for FCU's submitted by []. The amendment is intended to prohibit one individual from serving as the executive officer of the FCU for two full successive terms. This issue is not addressed in the Federal Credit Union Act or NCUA's Rules and Regulations. We agree with your suggestion that the proposed change appear in Article VII, Section 3, of the FCU's bylaws rather than Article VII, Section 1, since that section deals exclusively with the position of the executive officer.

The amended bylaw would read as follows:

The executive officer shall preside at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. The executive officer of the credit union shall not serve for two full successive terms. It will be permissible; however, for a person to serve the balance of a vacated term plus one additional full term. He shall countersign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds as prescribed in article XV, section 2 of these bylaws. The executive officer shall also perform such other duties as customarily appertain to the office of the executive officer or as he may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

Section 112 of the FCU Act (12 U.S.C. §1761a) provides:

Executive officers; general manager. --At their first meeting after the annual meeting of the members, the directors shall elect from their number the board officer specified in the bylaws. Only one board officer may be compensated as an officer of the board and the bylaws shall specify such position as well as the specific duties of each of the board officers. The board shall elect from their number a financial officer who shall give adequate fidelity coverage in accordance with section 113(2) of this [FCU] Act.

The nonstandard bylaw amendment does not violate the FCU Act or the NCUA Rules and Regulations. Approval of the proposed amendment is a policy decision as to which we defer to your judgment.