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FROM: Assistant General Counsel
Hattie M. Ulan

SUBJ: Nonstandard Bylaw Amendments - []
(Your February 6, 1989, Memo)

DATE: April 3, 1989

You requested our review of six nonstandard bylaw amendments submitted by [] ("the FCU"). We have no legal problems with the proposed nonstandard amendments, but would like to give some clarification on the issue of time for accumulation of one share at par value (Article III, Section 1).

The proposed amendment to Article III, Section 1 (number 1. in your memo) would eliminate the period of time for a member to accumulate the par value of one share in the FCU. The par value for shares in the FCU is \$5.00. Such an amendment does not present a problem under the FCU Act or the NCUA Rules and Regulations. The NCUA Board has, however, required that FCU's give members at least six months to accumulate one share if par value is more than \$5.00.

In 1982, Congress eliminated the requirement in the FCU Act that par value be set at \$5. The NCUA Board then approved standard bylaw amendments regarding increasing the par value in NCUA's Letter to Credit Unions Number 70, dated November 29, 1982. According to Letter No. 70, each FCU may set its own par value for shares and must give members at least six months to bring their accounts up to par value. A nonstandard amendment that would shorten the six-month time period to accumulate one share when par value is more than \$5 should be presented to the NCUA Board. A copy of Letter No. 70 is attached.

Attachment