

GC\RRD:bhs

SSIC 3700

89-1028

[ ]

FROM: Associate General Counsel

Hattie M. Ulan

SUBJ: Nonstandard Bylaw Amendment Request from [ ]

(Your October 20, 1989, Memo)

The subject FCU has requested a nonstandard bylaw amendment which would eliminate voting at the annual meeting. The proposed change does not violate the FCU Act or the NCUA's Rules and Regulations.

The FCU proposes to: (1) amend Article VI, Sections 1, 2, and 7 using standard amendments; (2) amend Item d, Section 8 of Article VI to read "The President will announce the results of the election at the Annual Meeting." The proposed changes will permit voting to take place prior to the annual meeting during three consecutive eight-hour days using ballot boxes. There will be no voting at the annual meeting. The ballots will then be tabulated and the results announced at the annual meeting.

Section 110 of the FCU Act (12 U.S.C. §1760) provides, in part:

The annual meeting of each Federal credit union shall be held at such place as its bylaws shall prescribe. . . .

Section III of the FCU Act (12 U.S.C. §1761) provides, in part:

. . . The board shall consist of an odd number of directors, at least five in number, to be elected annually by and from the members as the bylaws provide.

We have no legal objections to the voting procedures presented by the FCU. There is no requirement that voting take place at the annual meeting. You are inclined to deny the proposed amendment because all members may not have an opportunity to vote. You plan to suggest that the credit union adopt the standard bylaw amendment that allows the use of mail ballots as the exclusive procedure for elections. We have no legal objections to your proposed alternative. This is a policy decision which we leave to your determination and that of the other Regions and the Office of Examination and Insurance.