

GC/JT:sg

SSIC #3701

90-0110

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FROM: Associate General Counsel

Hattie M. Ulan

SUBJ: Nonstandard Bylaw Amendment

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(Your January 3, 1990 Memorandum)

DATE: January 23, 1990

You have asked for our Comments on two proposed amendments to Article VI, Section 8 of the Federal Credit Union Standard Bylaw Amendments. We have no objection to either of the amendments. We defer to your judgment on whether they should be approved.

ANALYSIS

The proposed amendment to Article VI, Section 8, paragraph (b), clarifies that the nominating committee will nominate "one or more nominees over and above the number of positions to be filled." The FCU is concerned that, under their current bylaw, it would be required to have one extra nominee for each position to be filled. We have no legal objection to this amendment. The standard bylaw amendment only requires the nominating committee to provide one nominee for each position to be filled. The FCU's suggested wording will require at least one extra nominee.

The proposed amendment to Article VI, Section 8, paragraph (d), deletes from the FCU's current bylaws the provision permitting voting at the annual meeting in addition to voting at the branches prior to the annual meeting. No voting will be permitted at the annual meeting. The FCU believes that this amendment will give the FCU better control of the ballot boxes, facilitate tallying and verifying the votes, and expedite the entire voting process. We have no legal objection to this amendment. The FCU Act does not require that voting take place at the annual meeting. As noted in your memorandum, we recently agreed to a similar amendment for another FCU.

GC/JT:sg

SSIC 3701

90-0115

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FROM: Associate General, Counsel, Hattie M. Ulan

SUBJ: Nonstandard Bylaw Amendment []

(Your January 4, 1990, Memorandum)

DATE: February 2, 1990

You have asked for our comments on two proposed nonstandard bylaw amendments to the FCU Corporate Bylaws.

We have no objection to the proposed amendments. We defer to your judgment on whether they should be granted.

BACKGROUND

The first proposed amendment adds a new Section 5 to Article IV of the FCU Corporate Bylaws ("Meetings of Members") that would provide:

A member other than a natural person is entitled to represent itself through a representative designated for that purpose. A member may appoint a primary representative and an alternative representative. No representative may serve as a representative of more than one member. A member can be represented by only one person.

Section 704.4 of NCUA's Regulations provides:

An organizational member (i.e., a member other than a natural person) of a corporate Federal credit union may appoint one of its members or officials as a representative to the corporate credit union. The representative shall be empowered to attend meetings, to vote and to stand for election on behalf of the member. No individual may serve as the representative of more than one organizational member in the same corporate Federal credit union.

The proposed amendment is, with one possible exception, consistent with Section 704.4. The proposed amendment provides that the FCU will appoint two representatives, while the regulation only authorizes one representative. However, since the proposed bylaw expressly provides that a member can only be represented by one person, we believe that the amendment is consistent with the regulation. It is only when the primary representative is not available that the alternate will represent the FCU. We have no objection to the proposed amendment.

The second proposed amendment would add the sentence "A member may appoint a primary representative and an alternate representative., to Section 3 of Article V ("Elections"). For the reasons discussed above, we have no objection to this amendment.