

GC/MRS:sg

SSIC 3700

90-0515

TO: []

FROM: Hattie M. Ulan, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendments, []

(Your May 4, 1990, Memorandum)

DATE: June 5, 1990

You requested our comments on three nonstandard bylaw amendments proposed by the []. We have no legal objection to the proposed amendments. Our comments are set out below.

Article III, Section 1

[] proposes to amend this section of its bylaws to establish two different par values for shares: \$5.00 for members 18 years of age and younger, and another par value, presently unspecified, for members 19 years of age and older and for non-natural person members. We have in the past approved nonstandard bylaw provisions allowing two par values for shares. Since its amendment in 1982, Section 103 (4) of the Federal Credit Union Act (12 U.S.C. §1753 (4)) no longer requires that par value be set at \$5.00; therefore, we find no impediment in the Act to the establishment of different par values for different classes of members. We caution you that [] should consult with its local counsel to be certain that such a policy does not violate any other applicable state or federal laws, such as anti-discrimination laws.

Article III, Section 3

This amendment uses virtually the same wording as the standard bylaw, providing for termination of the membership of a member who fails to complete payment of one share within a specified time or reduces his share below par value and fails to increase it to par value within a specified time. It makes no substantive change and sets the accepted minimum time limit of six (6) months. We have no problem with this amendment.

Article XIV, Section 3

This amendment is also nearly identical to the standard bylaw, which provides for payment of dividends on a share account once a fully paid share has been purchased. The only variation is the elimination of the specific par value dollar figure, which has been replaced with a reference to Article III, §1 for the definition of par value. In light of our stated views on the establishment of differing par values, we have no objection to this proposed amendment. We note that [] needs to pick a dollar amount for its over 18 par value so that members will be aware of any change.