

GC/MRS:sg

SSIC 6100

92-0317

[ ]

FROM: Hattie M. Ulan Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment [ ]

(Your March 4, 1992, Memorandum)

DATE: April 21, 1992

[ ] proposes to amend Article VII, Section 7 of its bylaws, providing for removal of directors or officials who fail to attend regular meetings or otherwise fail to carry out their duties. While the wording of the proposed amendment differs from that of the standard bylaw amendment to Article VII, Section 7, the two are similar, with two significant differences.

First, the proposed amendment includes a definition of the phrase "regular meetings." That term is defined as "month board meetings, annual organizational meeting, and annual planning meeting." We have no objection to the inclusion of the proposed definition of "regular meetings."

Second, the proposed amendment would permit the board to remove either a director or a supervisory committee member who meets the specific criteria. The standard bylaw address directors and credit committee members. Section 115 of the FCU Act (and Article VII, Section 8 of the Standard Bylaw provide that the board may suspend supervisory committee members, and the membership must then vote on their removal. The portion of the proposed amendment allowing the board remove supervisory committee members contravenes Section 115 of the FCU Act. Therefore we recommend that you disapprove that portion.