

GC/MEC: sg

SSIC 3700

93-0202

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FROM: Hattie M. Ulan, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment [] Article VIII, Section 7

(Your Memorandum of January 22, 1993)

DATE: February 23, 1993

You requested our concurrence with a nonstandard bylaw amendment proposed by the FCU. The proposal would add the following language to Article VIII, Section 7 of the standard amendment to the FCU Bylaws found at the bottom of p. 12 of the NCUA FCU Standard Bylaw Amendments and Guidelines ("Standard Amendments"):

Present employees who are members of the board of directors, as of April 1, 1993, will remain board members until expiration of their elected term.

We would approve this nonstandard amendment if it were modified to reflect more clearly that the affected director-employees could remain in both of their capacities until the end of their elected term.

Directors as of April 1, 1993, who are employed by this credit union, will remain board members until expiration of their respective elected term at which time they may continue to be employed by the credit union.

Alternatively, and perhaps more easily, the FCU could adopt the standard bylaw amendment on page 13 of the Standard Amendments which limits the number of paid employees that may serve on the board of directors. The FCU's board could set the number limit of director-employees at their discretion. Once the current director-employees have completed their director terms, the first standard amendment (on the bottom of p. 12 of the Standard Amendments) could be adopted without change.