

GC/MFR:bhs
SSIC 6100
98-1126

TO:

FROM: Sheila A. Albin, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment -
Your Memorandum dated November 6, 1998.

DATE: November 27, 1998

You have asked for our comments on [] Employees Federal Credit Union's (the FCU's) request for four nonstandard bylaw amendments.

First, the FCU is requesting that a provision be added to its bylaws setting forth the procedures to be followed in the event there is a tied election for board of directors. We have no legal objection to the proposal.

Second, the FCU is requesting an amendment to Article VII, Section 3 to allow the board an extra month to appoint supervisory committee members. We have no legal objection but suggest that Article X, Section 1 also be amended so that it is consistent with the new time frame.

Third, the FCU is requesting two changes to Article VIII, Section 7. First, the FCU is deleting the reference to loan officers. This is a standard amendment. We have no legal objection. Second, the FCU is adding language to the end of the standard amendment that prohibits the immediate family member of a director or a committee member (the proposal limits committee member to supervisory committee member) from being a paid employee of the FCU. The added language is "for a period of two (2) years from the termination date of his/her position as a director or a supervisory committee member." We have no legal objection but note that the way the amendment is drafted, it appears to only apply to the two years after the director or committee member is terminated. If the intent is to have it apply during the term, as well as the two years following the term, "now or" should be added immediately preceding the quoted language above.

Finally, the FCU proposes deleting employee from Article XIX, Section 3. This is a standard amendment. We have no legal objection. In addition, the FCU wants to limit the provisions in Article XIX, Sections 3, 4 and 6 to the supervisory committee, rather than all committees, as provided in the standard language. We agree with your recommendation to deny this request. These provisions of the bylaws should apply to all committees.