

GC/MFR:bhs
SSIC 6100
00-1202

TO:

FROM: Sheila A. Albin, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment,

DATE: January 3, 2001

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You have asked this office to review [] Federal Credit Union's (FCU's) request for three nonstandard bylaw amendments. As explained below, we have no legal concerns with the requests but do have some suggested language for one of the requests.

First, the FCU has requested a change to Article VI, Section 5 to permit only regular board meetings to be conducted by audio or video teleconferencing if the board is geographically dispersed. The proposed amendment is virtually identical to the 1991 standard amendment for Article VII, Section 4, except that it deletes the requirement that a face-to-face meeting be held at a minimum once each quarter. The current bylaws allow FCUs to conduct board meetings using audio or video teleconferencing for any reason, but do require that the board meet face-to-face at least once annually. Although the credit union's intent is to conduct its board meeting by audio or video teleconferencing on an infrequent basis, at a minimum the bylaw must include a requirement that a face-to-face meeting be conducted at least once each calendar year. As you note, this amendment could be accomplished by board policy. However, we have no legal concerns with the board adopting its proposed bylaw if the phrase "A regular meeting conducted in person must be convened, at a minimum, once each calendar year" is inserted.

Next, the FCU requests amendments to Article VIII, Section 3 and Article IX, Section 2 of its bylaws to authorize the board to appoint the chairs of the credit and supervisory committees. The FCU states in its request that this has been its "historical practice." If the credit union was operating under bylaws that permitted this practice, it does not need NCUA approval to retain a previously approved bylaw.

The FCU Bylaws provide for selection of the chairs of the credit and supervisory committees by members of the committees. Article VIII, Section 3 and Article IX, Section 2. We have no legal concerns with transferring the selection of the chair to the board.