

GC/CJL:bhs
SSIC 3700
02-0322

TO:

FROM: Sheila A. Albin, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment

DATE: March 26, 2002

You have asked this office to review a bylaw amendment submitted by [] Federal Credit Union (FCU) that requires a director or credit committee member, who is seeking another elective position, to resign from the current position before the election. We agree with the Region's rationale for denying the amendment. As your office has noted, the Federal Credit Union Act sets the only eligibility requirements for serving on an FCU's board of directors and this amendment imposes a restriction not found in the Act. 12 U.S.C. §§1761, 1785.

The FCU believes that a person should hold only one elected position at a time, either on the board or the credit committee, and that the proposed amendment will prevent a person from holding two positions simultaneously. In the attached letter [] dated November 20, 1991, we noted that, while an FCU cannot limit eligibility to run for a board seat, it can adopt bylaws that impose restrictions on members serving on the board. The FCU, therefore, can accomplish its goal by adopting a bylaw that prohibits a person from serving on both the credit committee and the board of directors. Under such a bylaw, a person currently holding an elective position may run for another and, if elected, choose between the two positions.

Attachment