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FROM: Assistant General Counsel
Hattie M. Ulan

SUBJ: Nonstandard Bylaw Amendments Submitted by []
(Your March 15, 1989, Memo)

DATE: May 24, 1989

You have requested our review of twelve nonstandard bylaw amendments submitted to you by []. We offer the following comments:

We concur with your findings concerning amendments 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12.

Amendment 1 - This amendment to Article II, Section 2 will delegate approval of membership applications to a credit union employee. We approve as long as the employee is also a member of the FCU. Section 113 of the FCU Act (12 U.S.C. S1761b(1)) permits an FCU board to "appoint membership officers from among the members of the credit union other than the board member paid as an officer, the financial board officer, any assistant to the paid officer of the board or the financial officer, or any loan officer."

Amendment 2 - This amendment to Article III, Section 1 will change the par value of a share to \$50. The length of time to purchase one share is not specified. Letter to Credit Unions No. 70 (attached) requires an FCU to give a member at least six months to pay for one share. This requirement is applicable when par value of a share exceeds \$5. Also attached is a recent memorandum on the same subject issued by this Office.

Amendment 9 - This amendment to Article VIII, Section 7 replaces the terms "financial officer" and "management official" with "treasurer" and "manager", respectively. You recommended approval. There are no legal difficulties with this amendment; however, the references to "financial officer" and "management official" are found in several sections in the Bylaws. We recommend changing all references or not making the change at all.

Amendment 10 - This amendment to Article IX, Section 4 permits a loan officer to disburse share withdrawals. The amendment violates Section 114 of the FCU Act (12 U.S.C. S1761c) which provides, in part:

No individual shall have authority to disburse funds of the Federal credit union with respect to any loan or line of credit for which the application has been approved by him in his capacity as a loan officer.

We agree with your determination to deny this amendment.

Amendment 12 - This amendment to Article XIX, Section 7 allows for the use of a locator service twice in one year and also permits a \$2 fee on returned statements. We caution the FCU concerning such fees and how they may be interpreted by the state authorities enforcing abandoned property laws. The state may claim such a fee violates the fees permitted under state statute. We do not have any objection to the amendment under the FCU Act or NCUA Regulations.

Attachments