

May 29, 1998

Ed Templeton, President
SRP Federal Credit Union
P.O. Box 6730
North Augusta, South Carolina 29861

Re: Board of Directors' Authority to Approve Loans.

Dear Mr. Templeton:

You have asked whether it is permissible for the board of directors to approve all loans to officials, senior management and loan officers if a federal credit union has a credit committee. As explained below, the answer is no.

You advise that your credit union has a credit committee. The Federal Credit Union Act (Act) states that, if the bylaws provide for a credit committee, it will approve loan applications unless a loan application is one that the Act requires be approved by the board or unless the credit committee has delegated its authority to loan officers. 12 U.S.C. §1761c. The Act requires the board to approve loans to directors and committee members or loans guaranteed by directors or committee members that are over \$20,000. 12 U.S.C. §1757(5)(A)(iv) and (v). These are the only loans the board should be approving. The credit committee or loan officers should be approving all other loans.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
SSIC 3500
98-0308