

July 25, 2000

Mr. Daniel B. Childs  
(b)6

Re: Nomination by Petition and from the Floor for Director Elections.

Dear Mr. Childs:

You have questioned whether the nominating procedures available at your federal credit union (FCU) provide for an open democratic election by members. You view the number of signatures required for a nomination by petition as burdensome. You also question whether nominations are permitted at an annual meeting when there is a vacancy on the board of directors for which there is no nomination. The reasoning for the required number of signatures for a nomination by petition is discussed below. Option A-2 of the FCU bylaws permits nominations from the floor for positions without a nominee.

The FCU Bylaws provide four options for elections, all of which include the use of a nominating committee. FCU Bylaws, Article V. Option A-2, which you indicate is the option selected by your credit union, also provides for nominations by petition. In addition, Option A-2 permits nominations from the floor at the annual meeting if "insufficient nominations have been made by the nominating committee or by petition." FCU Bylaws, Article V, Option A-2, Section 2.

A nomination petition must be signed by 1% of the members with a minimum of 20 and a maximum of 500 signatures. In a call with one of our staff attorneys, you stated your view that this number of signatures is burdensome and should be the same number necessary to obtain a quorum at a membership meeting. NCUA adopted this standard as an alternative to nominations being made from the floor in 1991 "to permit greater participation by the members in making nominations, to facilitate the use of printed ballots, and to expedite elections." FCU Standard Bylaw Amendments and Guidelines, pg. 30 (Oct. 1991). In addition, the requirement serves to ensure that members sincerely interested in serving as officials would file petitions. The recently revised FCU Bylaws continue to maintain this standard. FCU Bylaws Article V.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/CJL/SAA: bhs  
SSIC 3700 / 00-0425

