

November 28, 2000

C. Michael Marschall, Director of Governmental Affairs
Maryland Credit Union League, Inc.
8965 Guilford Road, Suite 250
Columbia, Maryland 21406

Re: Credit Union Employees Serving on Credit Committee.

Dear Mr. Marschall:

You have asked whether it is permissible for federal credit union (FCU) employees to also serve on the FCU's credit committee. Although not a violation of the Federal Credit Union Act, allowing the FCU's treasurer or manager to serve on the credit committee violates principles of sound internal controls. However, other credit union employees, including one loan officer, may serve on the credit committee provided they are seated on the committee in accordance with the FCU's bylaws. See FCU Bylaws, Article VIII, Option 1.

I have enclosed the provision in NCUA's Accounting Manual that discusses the importance of sound internal controls, as well as a chart showing the positions in an FCU and the persons who are prohibited from holding them.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/CJL:bhs
SSIC 3700
00-1140
Enclosures