

September 19, 2002

Frank J. Dougherty, Executive Director  
Main Line Health Employees FCU  
130 South Bryn Mawr Avenue  
Bryn Mawr, PA 19010

Re: Amending Federal Credit Union (FCU) Bylaws to Permit Director Voting by E-mail.

Dear Mr. Dougherty:

Chairman Dollar has asked this office and Region II to review your request for a nonstandard bylaw to permit the board of directors to vote on routine matters by e-mail before the monthly board meeting. As our Region II office previously advised, the proposed bylaw is not permissible as currently worded because it does not require unanimous consent for a matter to be approved. If your federal credit union (FCU) wishes to resubmit its request to Region II with our suggested modifications, we would recommend Region II approve it.

You requested a nonstandard bylaw amendment to modify Article VI, Section 5 of the FCU Bylaws to allow directors to vote on routine matters by e-mail before the monthly board meeting. You state your intention is to permit directors to vote on a matter regardless of whether they are physically present for a meeting. The proposed amendment reflected this intention by including a provision that the secretary would note the e-mail replies in the minutes of the regular meeting. The proposed amendment also provided that a director could indicate in an e-mail response that more discussion is needed and the matter would be tabled and addressed at a regular meeting. As currently worded, the proposed bylaw would permit directors, as you indicate in your correspondence it was your intent, to "register" their votes before a meeting. In other words, a director's e-mail vote, for or against, would be counted on a matter even if the director were not present for the meeting and even if the matter were tabled and further discussion occurred at the meeting.

A board of directors may act on a matter outside of a meeting as long as all of the directors consent to the action in writing. This is discussed in the attached letter to Greg Badovinac from me, dated January 24, 2002, which you referenced in your correspondence to Chairman Dollar. As noted in that letter, all directors must consent to the action in writing or in some other recorded fashion such as e-mail. If any director votes against or abstains from voting on a matter presented outside of a meeting, the matter must come before the directors at a meeting and be voted on by those directors participating at the meeting.

We appreciate your interest in having all directors be able to vote and express their opinions even if they cannot be physically present at a meeting. We note that the FCU Bylaws do not require that directors be physically present for all meetings but

provide for directors to participate at meetings by telephone or video conferencing. FCU Bylaws, Article VI, Section 5.

We suggest deleting the last two sentences of your proposal and adding the sentence "A motion will be considered passed in this manner only if all directors vote and unanimously consent to the action proposed in the motion." We have advised Region II that a nonstandard amendment with this proposed language is permissible. As with all nonstandard amendments, Region II will need to submit it to the other regions for their comments.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/MFR:bhs  
SSIC 6100  
02-0837

Enclosure

cc: Chairman Dennis Dollar  
Region II Director