

March 11, 2011

Fred Johnson, President/CEO  
Credit Union Executives Society  
P.O. Box 14167  
Madison, WI 53708-0167

Re: Training Reimbursement to Credit Union Officials

Dear Mr. Johnson:

This responds to your recent letter requesting clarification of NCUA's position on the authority of federal credit unions (FCUs) to reimburse training expenses for "associate directors" or similar FCU officials who occupy volunteer positions established by the board of directors. In short, we agree that for individuals such as these who provide board designated services and who act in more than an honorary capacity, the restrictions in the FCU Act against compensation of board and committee members do not bar reimbursement or payment of appropriate training expenses and related travel expenses. An explanation follows.

The FCU Act provides that "no member of the board or of any other committee shall, as such, be compensated, except that reasonable health, accident, similar insurance protection, and the reimbursement of reasonable expenses incurred in the execution of the duties of the position shall not be considered compensation." 12 U.S.C. 1761(c). The Act also provides that, in addition to the supervisory committee and credit committee, an FCU's board of directors may "appoint ...any other committees to which it can delegate specific functions." 12 U.S.C. 1761b(13). Some FCUs use this authority to establish other committees, such as a committee of directors emeritus or a committee of individuals being groomed for possible future board seats (the latter are often referred to as "associate" board members.)

In previous opinions of this office, we have stated that volunteer members of non-voting, advisory committees, such as emeritus or associate directors, are not eligible to receive expense reimbursement or insurance benefits. See for example OGC Op. 10-0913 (October 29, 2010). Upon reconsideration, we are of the opinion that if the individuals in question provide services that are established by the board and that go beyond merely serving in an honorary capacity, the normal exceptions to the statutory

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bar on compensation should apply. This would include reimbursement for training and training-related expenses that are appropriate to the service being provided.

As you noted, this interpretation is consistent with NCUA's regulations on reimbursement, which provide that an official includes any member of any volunteer committee established by the board and expressly authorize "payment (by reimbursement to an official or direct credit union payment to a third party) for reasonable and proper costs incurred by an official in carrying out the responsibilities of the position to which that person has been elected or appointed, if the payment is determined by the board of directors to be necessary or appropriate to carry out the official business of the credit union, and is in accordance with the written policies and procedures, including documentation requirements, established by the board of directors." 12 C.F.R. 701.33 (a) and (b)(2)(i).

So long as the conditions addressed above are met, we agree that reimbursement of volunteer officials, such as associate board members, who provide board established services to an FCU and act in more than an honorary capacity is permissible pursuant to the same exceptions to the statutory ban on compensation applicable to other board and committee members.

Thank you for raising this issue, and please let me know if you have any questions.

Sincerely,

/S/

Hattie M. Ulan  
Associate General Counsel

GC/RMF:bhs  
11-0152