

October 18, 1994

Helen McFarland, Manager
Mississippi Postal Employees FCU
P.O. Box 567
Jackson, Mississippi 39205-0567

Re: Qualifications For Officials (Your September 26, 1994, Letter)

Dear Ms. McFarland:

You have requested this office review eight proposed qualifications for eligibility to serve on the board of directors of a federal credit union (FCU) to determine if they comply with NCUA's Rules and Regulations. The only eligibility requirements for FCU board membership are those contained in the Federal Credit Union Act (the Act). As stated in a September 20, 1991, letter from Hattie M. Ulan, Associate General Counsel to Louis Ravetti, President (copy attached):

as long as an individual is a member of the "FCU" (Section 111 of the Act, 12 U.S.C. 1761) and has not been convicted of a crime involving dishonesty or breach of trust (Section 205(d) of the Act, 12 U.S.C. 1785(d)) (or if he has been convicted of such a crime, the NCUA Board has waived the Section 205(d) prohibition), he is eligible for election to the board of directors. Article VI, Section 7 of the Standard FCU Bylaws also permits a board of directors to set a minimum age requirement.

Any other limitations on eligibility for election would be impermissible.

An FCU may have certain provisions in its bylaws that impose restrictions upon members serving on the board of directors, but do not limit eligibility for election to the board. Article VIII, Section 6 of the Standard FCU Bylaws specifies that neither management officials or assistant management officials shall be members of the board. Two of the Standard Bylaw Amendments to Article VIII, Section 7 of the bylaws allow an FCU to limit the number of employees who may serve on the board at a given time, or to bar directors and committee members from being paid employees. Under any of these provisions, an individual may run for the board and be elected; he then has the choice of retaining his position as an employee or serving as a director.

November 20, 1991, letter. Therefore, all of the policies you have listed would be impermissible, if they are an attempt to limit the right of a member to run for election

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either by submitting the appropriate petition or by being nominated from the floor, whichever your FCU allows.

If on the other hand, these are policies that are to be implemented by the nominating committee in selecting candidates to nominate for election, then a different analysis would apply. You should carefully review them to ensure that they are not so vague as to render them meaningless and that they are rationally related to the duties of a director.*

Attached are several opinion letters on the issues raised in your letter. I hope that we have been of

assistance.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/MFR:bhs

SSIC 3500

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* For example, the terms, "active member in good standing" and "free to volunteer time for credit union duties" are subjective.