



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

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3/18/85

Mr. Jerrold S. Perisho
General Manager
Whittier Area Schools Federal
Credit Union
P.O. Box 200
Whittier, CA 90608

Dear Mr. Perisho:

Chairman Callahan asked that I respond to your letter of February 20, 1985, concerning board of directors approval of loans exceeding \$10,000 to credit union officials.

We appreciate your sharing with us your concern regarding the existing policies on loans to officials. As you may know, the requirement for board of directors approval of extensions of credit exceeding \$10,000 in the aggregate to any one director or committee member is not an NCUA policy. Rather, it is a congressionally mandated policy, set forth in Section 107(5)(A)(iv) of the Federal Credit Union Act, 12 U.S.C. 1757(5)(A)(iv). Further, it is a policy that has a long history in Federal credit unions and that is consistent with the notions of voluntary service and of management and control of the credit union by the full board of directors. Accordingly, in the absence of evidence of widespread concern that the policy is outdated or is placing an undue burden on Federal credit unions, I think it is unlikely that NCUA would support a repeal or substantial changes.

This is certainly not intended to foreclose consideration of the issue, however, and I would encourage you to contact your trade association, or your Congressman or Senator, if you wish to pursue the matter further.

I hope this is of some assistance.

Sincerely,

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loans to officials

ROBERT M. FENNER
Director, Department of Legal Services

FOIA

~~letter~~ Vol. I, Part e.4