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NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

January 13, 1989

Office of General Counsel

Richard Rivas  
General Manager  
Unit 1 Federal Credit Union  
P.O. Box 830  
Lockport, NY 14094-0830

Dear Mr. Rivas,

This is in response to your letter of December 12, 1988, to Chairman Jepsen requesting clarification of NCUA's position on reimbursement of lost wages.

As you know, in February of 1988, the NCUA Board proposed an amendment to NCUA's regulations to allow reasonable reimbursement for Federal credit union directors and committee members who lose leave or pay from their regular jobs when attending credit union board or committee meetings. The public comments in response were overwhelmingly opposed to such reimbursement. Commenters cited the tradition of voluntarism as one of the cornerstones of credit union philosophy, and expressed concern that the proposal would eliminate an important characteristic of credit unions that sets them apart from profit-oriented financial institutions.

In response to the public comments, the NCUA Board continued the prohibition against reimbursement for lost pay or leave. Reimbursement of all reasonable expenses continues to be permissible.

In your letter of December 12, 1988, you cite an apparent inconsistency in NCUA's implementation of the rule. Specifically, Ms. Ulan of our Office of General Counsel stated in her letter to you of November 29, 1988, that it is not possible to grant exceptions to the rule. Several of your directors have indicated, however, that in a presentation by another member of NCUA staff at a recent meeting of the General Motors Council of Credit Unions in New Orleans, they were told that exceptions might be given in certain cases.

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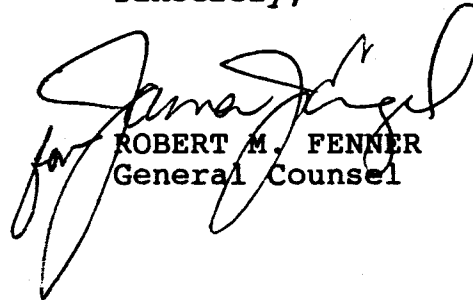
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Having discussed this matter with Regional Director Allen Carver, who prepared the New Orleans presentation, it is my understanding that he indicated that special consideration might be given to situations where, at the time that NCUA's final rule was adopted, firm plans and commitments had already been made for attendance at meetings such as educational seminars and credit union conferences. I have discussed this matter with Chairman Jepsen, as well as Regional Director Bryan in Albany, and we all believe that this is a fair and reasonable approach. To the extent that our letter of November 29 seemed to preclude this type of case-by-case consideration, we apologize for the confusion created. If these circumstances apply to your credit union, you should follow up with your examiner and Mr. Bryan.

We do not have immediate plans to revisit the broader issue of reimbursement of lost leave or pay. As you may know, however, we review all of our regulations on a three-year cycle. Proposed rule changes are generally distributed to credit unions by both NCUA and the credit union trade associations. We encourage your participation in the comment process.

Again, thank you for writing, and I trust this clears up the confusion that existed.

Sincerely,



ROBERT M. FENNER  
General Counsel

RMF:bhs

cc: Chairman Jepsen  
Allen Carver  
Foster Bryan