



GC/HMU:bhs
3600

NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

April 14, 1989

Office of General Counsel

Marko Arezina, Treasurer
VDN Federal Credit Union
218 Crescent Drive
Lower Burrell, PA 15068

Re: Compensation of Directors
(Your Letter of March 13, 1989)

Dear Mr. Arezina:

You asked whether or not it is permissible for a Federal credit union ("FCU") to pay each member of the board of directors \$30.00 for attendance at each board meeting. Unless the \$30.00 represents a reasonable payment of expenses board members incur in attending the meetings, the payments would not be permitted under the FCU Act and the National Credit Union Administration ("NCUA") Rules and Regulations.

Section 111(c) of the FCU Act (12 U.S.C. §1761(c)) provides as follows:

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.

Section 112 of the FCU Act (12 U.S.C. §1761a) does authorize an FCU to compensate one officer of the board of directors.

Section 701.33(b) of the NCUA Rules and Regulations (12 C.F.R. §701.33(b)) provides, in part:

(1) Only one board officer, if any, may be compensated as an officer of the board.... No other official may receive

FOIA - Vol. III, Part, A 4

Marko Arezina, Treasurer

Page Two

April 14, 1989

compensation for performing the duties or responsibilities of the board....

(2) For purposes of this section, the term "compensation" specifically excludes:

(i) 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;

Unless the \$30.00 payments qualify as reasonable and proper costs as set forth in Section 701.33(b)(2)(i) of the NCUA Regulations, they would not be permitted under the FCU Act or the NCUA Regulations.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Assistant General Counsel

HMU/bhs