



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

May 16, 1989

Office of General Counsel

Joseph A. McDonald, Esq.
Vice President/General Counsel
California Credit Union League
2350 South Garey Avenue
Pomona, California 91766

Re: Applicability of Section 7151 of the California
Corporations Code to FCU's (Your April 4, 1989,
Letter)

Dear Mr. McDonald:

You have asked whether Section 7151 of the California Corporations Code applies to Federal credit unions (FCU's) located in California. In our view, it does not.

ANALYSIS

Section 7151 of the California Corporations Code provides in part:

* * *

(b) Once members have been admitted, a bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable board or vice versa may only be adopted by approval of the members. . . .

You stated that this statute is applicable to credit unions in California. It is not clear to us whether the statute is intended to apply to FCU's in California. However, since the FCU Act and FCU Bylaws specifically address the issue of setting the number of directors, we do not believe that the California law is applicable to FCU's.

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Section 111(a) of the FCU Act (12 U.S.C. 1761(a)) states in part:

The management of a Federal credit union shall be by a board of directors, a supervisory committee, and where the bylaws so provide, a credit committee. The board shall consist of an odd number of directors, at least five in number, to be elected annually by and from the members as the bylaws provide. (Emphasis added.)

Article VII, Section 1 of the FCU Standard Bylaws provides:

The board shall consist of _____ members, all of whom shall be members of this credit union. The number of directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the board. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the increase or decrease in the number of directors shall be filed with the official copy of the bylaws of this credit union.

A reduction in the size of an FCU's board of directors does not require approval by the FCU's members. The reduction must conform to Article VII of the FCU Bylaws.

Sincerely,



HATTIE M. ULAN
Assistant General Counsel

JT:sg