



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

Office of General Counsel

GC\RRD:sg  
SSIC 4062  
89-0713

July 31, 1989

Ms. Irma Lerma  
President  
U.I.W. Federal Credit Union  
510 North Broad Ave.  
Wilmington, CA 90744

Re: Compensation of Officials (Your July 10, 1989,  
Letter)

Dear Ms. Lerma:

Your letter to Chairman Jepsen has been referred to this Office for a response. You ask whether a Federal credit union ("FCU") may reimburse members of your board of directors and credit committee for expenses, such as mileage, when these officials attend meetings to transact business of the credit union. The FCU Act and NCUA Regulations permit reimbursement for reasonable expenses incurred in the execution of such officials' credit union duties.

**ANALYSIS**

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.

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Section 112 of the FCU Act (12 U.S.C. §1761a) authorizes an FCU to compensate only one officer of the board of directors for service on the board.

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

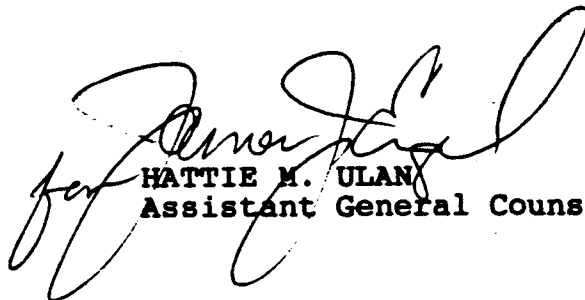
(1) Only one board officer, if any, may be compensated as an officer of the board.... No other official may receive compensation for performing the duties or responsibilities of the board....

(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; . . . .

Your letter did not describe in detail the circumstances surrounding your FCU's reimbursement of expenses. You did state that some related to mileage expenses incurred when the FCU officials "attended meetings to transact business of the credit union." In general, mileage and other reasonable and proper expenses incurred while attending credit union-related meetings and conferences are reimbursable expenses. Enclosed is an opinion letter concerning payment of mileage expenses incurred by board members while attending board meetings. We have contacted your Supervisory Examiner concerning this issue.

Sincerely,

  
HATTIE M. ULAN  
Assistant General Counsel

Enclosure  
cc: Rick Ducker (Region VI)



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NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

January 17, 1989

Office of General Counsel

Gerald E. Toland  
President/CEO  
La Dotd Federal Credit Union  
P.O. Box 44244  
Baton Rouge, LA 70804-4244

Re: Mileage Expense for Directors to Attend  
Monthly Directors' Meetings (Your  
December 1, 1988, Letter)

Dear Mr. Toland:

A Federal credit union ("FCU") can make a reasonable reimbursement to members of the board of directors for mileage expenses to and from monthly board meetings pursuant to the FCU Act and the NCUA Regulations. A decision to make such reimbursement is a policy matter to be made by the board of directors of each individual FCU.

Section 112 of the FCU Act provides that only one board officer may be compensated. Section 111(c) of the FCU Act (12 U.S.C. §1761(c)) provides, in part:

No member of the board or of any other committee shall, as such, be compensated, except that ... the reimbursement of reasonable expenses incurred in the execution of the duties of the position shall not be considered compensation.

Section 701.33(b) of the NCUA Rules and Regulations (12 C.F.R. §701.33(b)) interprets Section 111 of the FCU Act. It repeats the prohibition on compensation and further provides, in part:

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

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(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;

It has been longstanding NCUA policy that reimbursement for "reasonable expenses incurred" includes mileage expenses to and from FCU board meetings. A decision on whether or not to make such reimbursement rests with the board of directors of each FCU.

Sincerely,

*Hattie M. Ulan*

HATTIE M. ULAN  
Acting Assistant General  
Counsel

HMU:bhs