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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

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October 6, 1989

Lawrence C. Williams, Administrator
State of Alabama Credit Union Administration
771 South Lawrence St.
Suite 103
Montgomery, AL 36130-0901

Re: Federal Credit Union Employees Elected to
Board of Directors (Your September 1, 1989,
Letter)

Dear Mr. Williams:

You have asked for a copy of an opinion concerning whether paid employees of a credit union may be elected and serve on the board of directors of a Federal credit union (FCU). Enclosed please find an NCUA opinion letter dated September 29, 1988 which addresses the issue you present.

The letter applies only to federally-chartered credit unions. It does not apply to state-chartered credit unions. In summary, FCU members who are also FCU employees may serve on the FCU's board of directors and be compensated as employees of the FCU. Pursuant to Section 112 of the FCU Act (12 U.S.C. 1761a), one FCU board officer may be compensated for his/her duties as such. In most FCU's, this person is the FCU's financial officer, although Section 112 of the FCU Act does not require that the compensated officer be the financial officer. The compensated board officer may also be compensated as an FCU employee. The Standard FCU Bylaws prohibit the FCU manager from serving on the FCU's board of directors (see Article VIII, Section 6 of the FCU Bylaws). The FCU board may adopt a standard FCU bylaw amendment which permits the manager to serve on the board. In addition, standard amendments permit the FCU board to limit the number of FCU

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employees who may be elected to the board. Copies of the Standard FCU Bylaws and the FCU Standard Bylaw Amendments and Guidelines are enclosed.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Assistant General Counsel

Enclosures



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456
September 29, 1988

Office of General Counsel

Mr. John Branch
Mrs. Tucker's Employees FCU
P.O. Box 759
Sherman, Texas 75090

Re: Compensation of Board Members (Your August 9,
1988, Letter)

Dear Mr. Branch:

You have requested us to review the compensation your Federal credit union ("FCU") gives certain of its board members. Since only one board member, the financial officer, is being compensated for board service as such, we believe your FCU's board compensation structure comports with the Federal Credit Union Act, the NCUA Rules and Regulations, and your bylaws.

Two members serving on the FCU board are compensated by the FCU. One is serving as the board's financial officer and as manager of the FCU and is compensated for service on the board. The other is also a member of the FCU board, but serves as the assistant general manager of the FCU, and is compensated for service as the assistant general manager of the FCU. Your bylaws state that "[o]ne board officer, the financial officer, may be compensated for his services to such extent as may be determined by the board."

Section 111(c) of the FCU Act [12 U.S.C. §1761(c)] provides: "No member of the board or of any other committee shall, as such, be compensated" (Emphasis added.) Section 112 [12 U.S.C. §1761a] states: "Only one board officer may be compensated as an

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officer of the board and the bylaws shall specify such position. . . ." (Emphasis added)

Section 101.33(b) of the NCEA Rules and Regulations (12 C.F.R. 101.33(b)) provides:

Only one board officer, if any, may be compensated as an officer by the board. The bylaws must specify the officer to be compensated, if any, as well as the specific duties of each of the officers. No officer shall receive compensation for performing the

which the person has been elected or appointed.

From the facts you presented, the board member serving also as financial officer and manager and being compensated for service in either or both positions may permissibly be compensated for that service. The other board member serving also as assistant manager may also permissibly be compensated for service as such.

Sincerely,



RWB:sg