



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

January 10, 1991

Mr. George D. Hobar
President
GTE Federal Credit Union
P.O. Box 10550
Tampa, FL 33679-0550

Re: Spouse Travel Costs
(Your letter of March 7, 1990)

Dear Mr. Hobar:

This is in response to your letter requesting reconsideration of the NCUA position regarding payment or reimbursement of expenses of the spouse of a federal credit union ("FCU") official when on an FCU business trip. We regret any inconvenience caused as a result of our delay in answering your letter. In your letter you provide the view of the GTE Federal Credit Union on the issue.

The NCUA has decided not to change its policy as enunciated in the enclosed letter to Credit Union National Association. The basis of that opinion is Section 111 of the FCU Act (12 U.S.C. §1761(c)), which prohibits FCU board and committee members from being compensated.

Furthermore, FCU board and committee members are prohibited from being compensated either directly or indirectly by the FCU. 12 U.S.C. §1761(c) and 12 C.F.R. §701.33(a). The GTE practice of denoting company time spent on FCU activities as an excused absence is laudable, but the practice of billing the FCU for that time is impermissible. This practice has the same effect as if the FCU compensated the official directly for lost wages. This was proposed in a rulemaking several years ago, as you note, and withdrawn in the face of overwhelmingly negative comments. See Proposed Amendments,

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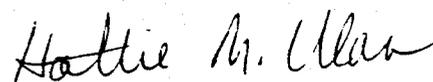
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53 Fed.Reg. 4992 (February 19, 1988) and Final Rule,
53 Fed.Reg. 29640 (August 8, 1988).

I trust that this is responsive to your request.

Sincerely,



Hattie M. Ulan
Associate General Counsel
Office of General Counsel

Enclosure
GC/MEC:sg
SSIC 4062
90-0326