

NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, DC 20456

June 30, 1991

Mr. Karl F. Rapp  
3030 South 21st Street  
Omaha, Nebraska 68108

Re: Qualifications for Board of Directors (Your  
May 20, 1990 Letter)

Dear Mr. Rapp:

This responds to your request for information on the qualifications necessary to serve on the board of directors of a federal credit union ("FCU"). You enclosed, with your letter, a brochure generated by the U.P. Shop Employees Federal Credit Union ("UPSEFCU"), which outlines a policy requiring any candidate for the board of directors to have a satisfactory credit report and a minimum of two years of management experience. You asked whether these are valid requirements for FCU directors. In our opinion, candidates may not be required to meet the criteria in question in order to run for UPSEFCU's board of directors.

It has long been our position that the only qualifications for an FCU director are those imposed by the Federal Credit Union Act and the FCU's bylaws. That is, as long as an individual is a member of the FCU (Section 111(a) of the FCU Act, 12 U.S.C. §1761(a)) and has not convicted of any crime involving dishonesty or breach of trust (Section 205(d) of the FCU Act, 12 U.S.C. §1785(d)) (or if he has been convicted of such a crime, the NCUA Board has waived that prohibition), he is eligible to be elected as a director. Article VI, Section 7 of the Standard FCU Bylaws also permits a board of directors to establish a minimum age requirement.

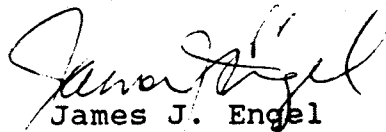
This does not mean that an FCU's nominating committee may not have a policy requiring that the individuals it nominates for the board of directors possess the qualifications outlined in the UPSEFCU brochure. Article VI of the Standard FCU Bylaws gives the nominating committee discretion to set standards for determining which members it deems worthy of nomination.

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However, individuals other than those nominated by the nominating committee may run for the board by submitting the appropriate petition and/or by being nominated from the floor at the election meeting, whichever UPSEFCU's bylaws allow. Individuals who run pursuant to petition or nomination from the floor are not subject to the nominating committee's standards, and may not be precluded from running for the board of directors as long as they meet the criteria specified in the Act and UPSEFCU's bylaws.

Sincerely,



James J. Engel  
Deputy General Counsel

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