

December 14, 2005

FAX & Regular Mail

Anne Cochran, President/CEO
Louisiana Credit Union League
824 Elmwood Park Blvd., Suite 200
Harahan, LA 70123

Re: Flexibility in FCU Bylaws for Director and Member Meetings
Affected by Hurricane Katrina.

Dear Ms. Cochran:

You recently contacted NCUA seeking guidance for procedures for conducting board meetings and member elections for federal credit unions affected by Hurricane Katrina. The standard Federal Credit Union Bylaws and existing Office of General Counsel opinions authorize most of the flexibility you seek. We summarized the relevant bylaw provisions for each topic of your inquiry below. For ease of reference, we have included these provisions and opinions as an enclosure to this letter.

Board meetings

The standard FCU bylaws require only one face-to-face board of directors meeting per year. FCU Bylaws, Article VI, Section 5. All other meetings may be conducted by video or teleconference. The one in-person meeting requires the actual presence of only a quorum of directors, not every director. Absent directors may participate by video or teleconference. Further, credit union boards may act without a meeting, if the vote is unanimous and each board member's position is documented in writing or email. OGC Legal Opinion Letter 02-0837, dated Sept. 19, 2002.

We also note that the standard FCU bylaws permit directors to appoint temporary directors and supervisory and credit committee members to serve in place of those who may need to step aside. FCU Bylaws, Article VI, Section 4.

Notice of member meetings and elections

The credit union should follow its usual procedures and send information about meetings and elections to the member's last address of record. The FCU bylaws make members responsible for notifying the credit union of address changes. FCU Bylaws, Article XVI, Section 7. Nevertheless, we note that some of the addresses an FCU may have on record may no longer exist because of hurricane

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damage, but members may have provided the U.S. Postal Service with forwarding instructions.

We also note that Article V of the standard FCU bylaws allows four options for conducting elections. If a credit union's board or management feels that a different option would be more convenient, they may amend the credit union's bylaws with the vote of two-thirds of the directors. FCU Bylaws, Article XVII, Section 7.

An FCU may also want to consider delaying its annual member meeting for a few months. While an FCU is required to conduct an annual meeting and hold elections under Article IV, the directors may determine that changing the date will be helpful for a number of reasons; there is nothing to prohibit a change in the date of the annual meeting in the FCU Act or FCU Bylaws.

Proxy voting

You also inquired about options for proxy voting. The FCU bylaws prohibit proxy voting. FCU Bylaws, Article V, Section 4. In any event, since voting by proxy would still require an FCU to contact the member and receiving the member's written proxy, proxy voting would not save any time or effort as a practical matter as far as contacting members. As discussed above, credit union boards may act without a meeting as long as all directors vote and the vote is unanimous and in writing, which may also be by email.

Region IV Acting Director Keith Morton has communicated to you that NCUA stands ready to assist credit unions recovering from the hurricanes. You are welcome to contact our Region IV office or the Office of General Counsel for additional information.

Sincerely,

/s/

Sheila A. Albin
Associate General Counsel

OGC/EAW:bhs
05-1216/Enclosures
cc: Keith Morton, Acting Director, Region IV
Jane Walters, Deputy Executive Director

Article VI, Section 5 of the FCU Bylaws

A regular meeting of the board must be held each month at the time and place fixed by resolution of the board. One regular meeting each calendar year must be conducted in person. If a quorum is present in person for the annual in person meeting, the remaining board members may participate using audio or video teleconference methods. The other regular meetings may be conducted using audio or video teleconference methods. The chair, or in the chair's absence the ranking vice chair, may call a special meeting for the board at any time and must do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the chair, or in the chair's absence the ranking vice chair, will fix the time and place of special meetings. Notice of all meetings will be given in such manner as the board may from time to time by resolution prescribe. Special meetings may be conducted using audio or video teleconference methods.

Article VI, Section 4 of the FCU Bylaws

Any vacancy on the board, credit committee, if applicable, or supervisory committee will be filled within a reasonable by a vote of a majority of the directors then holding office. Directors and credit committee members so appointed will hold office only until the next annual meeting, at which any unexpired terms will be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee co appointed will hold office until the first regular meeting of the board following the next annual meeting of members, at which the regular term expires, and until the appointment and qualification of their successors.

Article XVI, Section 7 of the FCU Bylaws

Members must keep the credit union informed of their current address.

Article V, Section 4 of the FCU Bylaws

Members cannot vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee, or other person acting in a representative capacity, is not, as such, entitled to vote.

[Note that the language prohibiting trustee voting has been deleted in the proposed bylaw revisions issued for comment July 15, 2005, but the prohibition on proxy voting will remain.]

Article XVII, Section 1 of the FCU Bylaws

Amendments of these bylaws may be adopted and amendments of the charter requested by the affirmative vote of two-thirds of the authorized number of members of the board at any duly held meeting of the board if the members of the board have been given prior written notice of the meeting and the notice has contained a copy of the proposed amendment or amendments. No amendment of these bylaws or of the charter may become effective, however, until approved in writing by the NCUA Board.

[Note: if a credit union is switching election procedure and is using one of the options provided in the form bylaws with no changes, NCUA's written approval would not be required.]