

November 11, 1993

Stephen J. Edwards, Esq.
Epstein, Epstein, Brown & Bosek
P.O. Box 705
Springfield, NJ 07081

Re: Director with Loan in Default (Your October 14, 1993 Letter)

Dear Mr. Edwards:

You asked whether a director with a loan from the credit union that is in default can continue to serve on the credit union's board. We assume that the credit union in question is federally chartered. A state chartered credit union should refer this question to its state regulator. The fact that a federal credit union (FCU) director is in default on an FCU loan does not preclude the director from continued service on the board. Enclosed are the two opinion letters you requested (March 1, 1991 and April 2, 1991 letters from me to James J. Kallinger), one opinion letter addressing qualifications of directors (June 30, 1991 letter from James J. Engel to Karl F. Rapp) and one opinion letter addressing authority to remove directors due to bankruptcy (September 28, 1989 letter from me to Robert Bascom).

Sincerely,

Hattie M. Ulan
Associate General Counsel

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Enclosures