

NCUA LETTER TO FEDERAL CREDIT UNIONS

**NATIONAL CREDIT UNION
ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: March 2020

LETTER NO: 20-FCU-02

TO: Federal Credit Unions

SUBJ: NCUA Actions Related to COVID-19 – Annual Meeting Flexibility

Dear Board of Directors and Chief Executive Officer:

The NCUA recognizes COVID-19 outbreak will impact federal credit unions and their members to varying degrees. I want to assure you that the NCUA is doing all we can to address the situation.

Because of the President Trump's national emergency proclamation on March 13, effective immediately, a federal credit union may adopt by a two-thirds vote of its Board of Directors the below bylaw amendment to Article IV without undergoing further bylaw approval processes with the NCUA. FCUs that choose to adopt this amendment should ensure that the cross-citations conform to their version of the bylaws.

Section 6. *Emergency exception to in-person quorum requirement.* This credit union may hold its annual meeting of the members, and special member meetings for authorized purposes other than member expulsion under Article XIV of these bylaws, virtually¹ and without an in-person quorum if all of the following conditions apply and are certified in meeting minutes by a resolution of the majority of a quorum of the board of directors:

- At least one of the following is located in an area where a federal, state, or local authority has declared a state of emergency or major disaster:
 - (a) all or part of a community the credit union serves; or
 - (b) the credit union's headquarters.
- The credit union has the technological capacity to facilitate virtual meeting attendance, voting, and participation.
- Members receive at least seven days' advance notice of the change to a virtual meeting format and appropriate instructions for how to join, participate, and vote during the virtual meeting.

¹ Options include webcasts, teleconferences, virtual meeting rooms or similar means that permit members to listen, vote as necessary, and participate.

- The NCUA has issued general or specific guidance notifying the credit union that it is appropriate to invoke this bylaw provision.

With respect to the President Trump's proclamation of a national emergency in relation to the COVID-19 outbreak, the NCUA hereby notifies all FCUs that, if they have adopted this bylaw amendment, it is appropriate to invoke its provisions at any point during the year 2020 for meetings occurring in 2020, if a majority of the board of directors so resolves for each such meeting. General quorum requirements must still be met for all-virtual meetings.

A FCU also has flexibility to postpone its annual meeting. While there is no law or regulation that prohibits a FCU from postponing its annual meeting, it should provide notice of the rescheduled meeting as required in the FCU Bylaws. Under current circumstances, a FCU might consider delaying its annual meeting until a more appropriate time. For example, a FCU could delay its 2020 annual meeting to December 2020 and still meet the annual meeting requirement.

A FCU can amend the date of its annual meeting by using the fill-in-the-blank provision in its bylaws with the two-thirds vote of its board, without seeking the NCUA's approval. Such a change to the annual meeting date can be made to apply only to 2020, to multiple successive years, or permanently, at the FCU's discretion. For example, if the FCU wants to delay the 2020 annual meeting until August 2020, it could still resume holding annual meetings in 2021 in the month (for example, April) that it would normally hold such meetings.

The FCU Bylaws also permit adjournment of a meeting for lack of a quorum, but the reconvened meeting must occur seven to 14 days after the originally scheduled meeting.² In some cases, this provision could provide sufficient flexibility, depending on the date of the meeting. Finally, the FCU Bylaws allow four options for conducting elections. If a credit union's board or management determines 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.³

We are committed to assisting credit unions during this difficult time. If you have any questions or concerns, please contact your NCUA Regional Office.

Sincerely,

/s/

Rodney E. Hood
Chairman

² Id. Art. IV, § 5.

³ Id. Art. XVII, § 7.