

Expiration of Emergency Exemption from Certain In-Person Meeting Requirements

NCUA LETTER TO FEDERAL CREDIT UNIONS

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

DATE: December 2022 **LETTER NO:**22-FCU-03

TO: Federal Credit Unions

SUBJ: Expiration of Emergency Exemption from Certain In-Person Meeting Requirements

Dear Boards of Directors and Chief Executive Officers:

In March 2020, November 2020, and November 2021, the NCUA issued three letters to federal credit unions providing flexibility during the pandemic related to annual meetings.¹ In those letters, the NCUA recognized that the COVID-19 pandemic had created challenges for federal credit unions and their members. As a result, the NCUA provided federal credit unions with the flexibility to conduct their membership and board of director meetings completely virtually. This emergency exemption will expire on December 31, 2022.

Specifically, in those actions the NCUA provided that a federal credit union could adopt at any time, by a two-thirds vote of its board of directors, and without additional NCUA approvals, a bylaw amendment to Article IV of the NCUA's Federal Credit Union Bylaws. The letters to federal credit unions provided specific wording for the bylaw amendment.

In addition, the NCUA has issued several meeting-related notifications to federal credit unions since 2020 in connection with the COVID-19 pandemic. Specifically, the NCUA stated in those notifications that if a federal credit union had adopted the above-referenced bylaw amendment, then it was appropriate for that federal credit union to invoke its provisions for meetings if a majority of its board of directors so resolved for each such meeting. The NCUA noted that general quorum requirements still had to be met for "virtual-only" meetings.

The NCUA does not believe that current circumstances continue to warrant federal credit unions to invoke the subject bylaw provision beyond year-end 2022. Federal credit unions that have already adopted the bylaw amendment may retain it in their bylaws, but it will not be applicable after the end of 2022 unless NCUA issues a new notification allowing federal credit unions to invoke it.

Although "virtual-only" member meetings will no longer be an option, the NCUA reminds federal credit unions that they may choose to hold hybrid meetings if that suits their needs.² Hybrid meetings consist of a meeting held virtually in conjunction with an in-person component for members who wish to or need to attend that way. While general quorum requirements still must

be met for hybrid meetings, federal credit unions may count attendees at both the virtual and in-person components toward those requirements. A hybrid meeting format could preserve federal credit union resources and reduce the effort required to hold meetings without disenfranchising those members for whom virtual attendance is difficult or impossible. Federal credit unions must also consider whether their current bylaws authorize hybrid meetings or whether bylaw changes will be necessary.

Additionally, the NCUA's Federal Credit Union Bylaws permit federal credit union boards to conduct "virtual-only" meetings for all but one of their board meetings per calendar year. Further, if a quorum of the directors is physically present at the one required in-person meeting, then the remaining directors may attend that meeting virtually.³

Finally, the NCUA's Federal Credit Union Bylaws permit flexibility for distributing member notices. Specifically, the bylaws provide that notices for member meetings may be sent by electronic mail to members who have opted to receive statements and notices electronically.⁴ As such, a paper mailing is not required for all members, only those members who have not opted to receive electronic statements and notices.

If you have any questions or concerns, please contact your NCUA Regional Office.

Sincerely,

/s/

Todd M. Harper
Chairman

¹ Letter to Federal Credit Unions, 20-FCU-02, "NCUA Actions Related to COVID-19 – Annual Meeting Flexibility;" Letter to Federal Credit Unions, 20-FCU-04, "Federal Credit Union Meeting Flexibility During the COVID-19 Pandemic;" Letter to Federal Credit Unions, 21-FCU-06, "Federal Credit Union Meeting Flexibility in 2022 Due to the COVID-19 Pandemic."

² 12 C.F.R. Part 701, Appendix A, Official NCUA Commentary, Article V.

³ Id. Article VI, § 5.

⁴ Id. Article IV, § 2.