



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CREDIT UNIONS

P.O. Box 41200 • Olympia, Washington 98504-1200
Courier mail address: 150 Israel Rd. S.W., Tumwater, WA 98501
Telephone (360) 902-8701 • TDD (360) 664-8126 • Toll-free FAX (877-330-6870)
<http://www.dfi.wa.gov>

September 29, 2008

“A”

DCU Interpretive Letter I-08-04

Subject: I/L On Board Absences

Dear “A”:

A state-chartered credit union has raised the issue of how to handle board member absences from board meetings. There is a Washington State law on this subject, as well as earlier interpretations by the Division of Credit Unions (DCU), and an approach by the National Credit Union Administration (NCUA). This letter will explain the law, and indicate the flexibility that a credit union has regarding board meeting attendance.

RCW 31.12.235 states that if a director is absent from four regular board meetings in a twelve-month period, “without being reasonably excused,” the director shall no longer serve. The NCUA’s model bylaws have a similar standard, and indicate that the termination of service is automatic.

It is a generally accepted practice for each credit union to have a policy on board absences, either in the bylaws or other written policy. Every board member should be made aware of the policy, and it should be a part of new member training. In order to be fair, the policy should be followed consistently. Board members need to know the criteria for an excusable absence, as well as whom to notify.

Earlier Interpretive Letters explained that a board member who will miss a meeting should give prior notice (when possible), and should then be “excused at the meeting.” It would be appropriate to take a vote and keep a record in the minutes, indicating whether the absence was excused or not. [[See hyperlink to I/L 97-12](#)]. In cases where the member will be physically absent, but is able to attend by teleconference is permissible, as long as reasonable safeguarding standards, such as receipt of meeting materials, ability to hear and participate, and continuous presence on the conference call is in place. [[See link to I/L 96-19](#)]

Stepping back and looking at the “big picture,” well-run credit unions need high-quality boards, made up of dedicated individuals who take their board duties seriously and will commit the time to stay involved. Oversight by board members plays a very important role in the credit union movement.

However, perfect attendance is not a realistic expectation. Each board needs to have in place a written policy regarding how absences will be handled. It is a recommended practice to indicate in the board minutes if a director was absent, and whether the absence met the criteria of an excusable absence. This is the type of record a board needs, in case of disputes or discrepancies.

In the event that a board member has four UNEXCUSED absences, the board secretary should send written notice of the termination of the board member’s service, although the termination is effective automatically.

This letter is intended to provide general guidance only, and is not a substitute for legal advice by counsel. If you have questions, please contact me at 360-902-8778 or ljekel@dfi.wa.gov.

Sincerely,

Linda K. Jekel
Director of Credit Unions