

GC/EAW:bhs
07-0418R

TO: []

FROM: Sheila A. Albin, Associate General Counsel /S/

SUBJ: Proposed Bylaw Amendments – [] FCU

DATE: August 27, 2007

Under NCUA Delegations of Authority, Supervision 12, you have asked for our concurrence with your inclination to deny two proposed bylaw amendments from [] Federal Credit Union (FCU). The proposed amendments would increase the maximum number of members required to call a special meeting from 750 members to 10 percent of the FCU's members and increase the time period during which the special meeting must be held from 30 to 90 days. We agree with your inclination to deny both amendments.

As you note, NCUA has previously denied bylaw amendment requests to increase the number of members required to call a special meeting beyond the maximum permitted in NCUA's form FCU Bylaws. OGC Op. 04-0926 (Oct. 26, 2004), 01-0725 (July 26, 2001). The 2006 revisions to the FCU Bylaws increased the maximum number of members required to call a special meeting from 500 to 750. During the 2006 revision process, we received several requests to allow FCUs to require a straight percentage of members to call a special meeting, but concluded adoption of a straight percentage maximum would make it practically impossible for members of larger credit unions to collect enough signatures to force a special meeting. 71 Fed. Reg. 24551, 24554 (April 26, 2006). Accordingly, 750 is now the maximum number of members an FCU may require to call a special meeting. Id.

We also agree with your inclination to deny the FCU's proposal to allow a maximum of 90 days, rather than 30 days, for the FCU to hold a special meeting after receiving a valid special meeting request from members. Special meeting petitions originate in members' urgent concerns about actions by an FCU or its directors. Once members collect the required number of signatures, resolution of these matters should not have the potential to be delayed up to 90 days.

Please call Staff Attorney Elizabeth Wirick or me if you have any questions.