



MD|DC
Credit Union Association

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May 15, 2018

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on FCU Bylaws ANPR

On behalf of the MD|DC Credit Union Association (MD|DC CUA) and the over 2.2 million credit union members in the two jurisdictions, we appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) advanced notice of proposed rulemaking (ANPR) on ways to improve and refine the standard Federal Credit Union bylaws as set forth in the Federal Credit Act.

MD|DC CUA believes that NCUA should avoid being prescriptive in devising what standard credit union bylaws should contain. Instead, we suggest general directions that aid the credit union in guiding its own policy creation. Given that credit unions already operate in a high regulated environment, NCUA should not view bylaws as duplicate set of regulations that overlay the current structure.

NCUA asks for comment on several specific questions. Below are our responses.

How can the Board improve the bylaw amendment process to provide a requesting FCU with a timelier response, greater transparency and enhanced accountability?

MD|DC CUA credit unions overwhelmingly believe there needs to be a more timelier process, but differ on the suggested timeframe. Most of our credit unions say between two and eight weeks would be a reasonable time frame. The reasoning is that these changes are requested for specific operational purposes designed to strengthen the financial standing of the credit union. Delaying a decision on these requests causes additional delays in the operation of the organization and incurs additional costs. This potentially results in an adverse impacting on the credit union's ability to serve its members and provide overall economic benefits. NCUA's focus should be that of a prudential regulator, responsible for protecting the Share Insurance Fund; anything that prevents credit unions from growing and strengthening their financial standing, adds unnecessary risk to the insurance fund.



How can the Board improve Article II, § 4 of the standard FCU bylaws to provide FCUs with the greatest possible clarity regarding a limitation of service and expulsion of members policy?

Our credit unions believe FCUs need the ability to expel a member when warranted. Expulsion of a member from a federal credit union should be a credit union board decision and not one that rests with the prudential regulator. Whenever a member acts in a manner that is contrary to the best interests of the credit union, expulsion (after following an established process that is fair to all parties concerned) should be at risk for expulsion. Members who attempt to defraud the credit union, members who cause a loss, and members who act in a hostile and abusive way toward credit union employees or officials are examples of those for whom expulsion should be an option. The decision to expel a member, while not taken lightly, is a business management decision that should rest with the credit union. Additional clarification in the bylaws is probably not necessary.

Should the Board remove the limitation of services provisions from the bylaws and address it as a separate regulation?

Yes, it should be removed, but it should not be a regulation at all. Again, this is a business management decision, not a pretext for unnecessarily prescriptive intervention by the federal regulator. It is neither practical nor reasonable to assume that NCUA, a government agency that has no routine contact with a member make an informed decision about that member's behavior and standing? NCUA is limited in what it can know about a member's history, demeanor, or business relationship with a credit union. This should not be part of NCUA's standard bylaws.

Should the Board include commentary in Article V authorizing FCUs to establish standing advisory committees designed to recruit potential candidates to fill board vacancies? If so, which individuals within the FCU should be part of this advisory committee? What safeguards should be put in place to prevent conflicts of interest?

In discussions with our credit unions this is not a necessary part of NCUA's regulations and should not be included.

Should the Board allow an FCU to conduct annual or special meetings through teleconference, and would this encourage greater member participation?

Yes. The Board should allow (but not be required to provide) this option. If it encourages additional participation by the membership, then it should be both permissible and encouraged. The fact remains, however, that most members do not want to be inconvenienced with attending the annual meeting, and many only attend because of free food and/or giveaways in the clear majority of cases.



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Providing this option will allow more flexibility for the credit unions membership to engage in the democratic process of annual or special meetings. This would also recognize the impact technology has on increasing engagement with a credit unions membership.

The MD|DC Credit Union Association appreciates the proactive and forward-looking nature of NCUA's request for input at this early stage of the formulation of your policy, and encourages you to move forward in an expeditious manner with rulemaking.

Please feel free to contact me if you would like further clarification or have any questions. Thank you for your time.

Sincerely,

John J. Bratsakis
President/CEO