



Filed via regcomments@ncua.gov

May 18, 2018

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

Re: Advance Notice of Proposed Rulemaking on Federal Credit Union Bylaws ANPR;
RIN 3133-AE86

Dear Mr. Poliquin:

The Illinois Credit Union League (“ICUL”) is the primary association for nearly 300 state and federally chartered credit unions doing business in the State of Illinois, who in turn serve over 3.5 million consumers. We thank you for the opportunity to comment on the National Credit Union Administration (“NCUA”) Advance Notice of Proposed Rulemaking (“ANPR”), regarding the Federal Credit Union Bylaws.

The ANPR requests comments on ways to streamline, clarify and improve the standard Federal Credit Union (“FCU”) bylaws. NCUA seeks feedback to five specific questions, as such, we will respond using that structure.

1. How can the Board improve the FCU bylaws amendment process?

To effectively serve its member-owners, a credit union should be offered the flexibility to tailor their bylaws to fit its diverse audience, geographic demands and member need. Given the unparalleled structure of credit unions, a catchall set of bylaws is problematic.

Credit unions pursuing a bylaw amendment should be given a timeline by which NCUA’s Office of Credit Union Resources and Expansion (CURE) will arrive at its determination. Providing FCUs with a timeline will ensure certain objectives can be accomplished.

Furthermore, as pointed out in the ANPR, an FCUs decision to amend its bylaws often result from a pressing operational concern and a timely response may not be just a matter of convenience but also a safety and soundness issue.



2. How can the Board clarify the FCU bylaws provisions addressing limitation of service and expulsion of members?

The NCUA bylaws, Article XIV provides that a member may be expelled under a nonparticipation policy. The term “nonparticipation” should be clarified and expanded to include examples of behaviors or actions that could evidence “nonparticipation.” We support the recommendations submitted by the Credit Union National Association in its letter dated April 24, 2018. The letter includes the following examples:

- Failure to maintain the necessary requirements for membership,
- Physical abuse or assault, harassment, or multiple incidents of verbal abuse of another member of the credit union,
- Neglect or refusal to comply with the Act,
- Habitual neglect to pay obligations or default on an obligation resulting in a financial loss to the credit union,
- Theft, malfeasance, or misconduct which causes a financial loss to the credit union, and
- Insolvency or bankruptcy.

In addition, the NCUA Bylaws, Article II provides that a member who is disruptive to credit union operations may be subject to limitations on services and access to credit union facilities. The term “disruptive to credit union operations” should be clarified and include NCUA guidance to assist credit unions in developing a permissible limitation of service and expulsion policy.

If a member engages in conduct that poses an immediate danger to members, staff or property, an authorized credit union representative should be permitted to suspend the member instantly and deny access to credit union services. In the case of suspensions, an affected member should have 45 days to respond with a request for a hearing prior to a board majority either votes them out of membership, chooses to retain their membership or otherwise acts to terminate the suspension.

In recent years, legislation was initiated and passed in Illinois to enable board and management of a credit union to expel members for specific reasons, separate and apart from the existing authority of the membership to expel members on a two-third vote of the members present at a membership meeting. The Illinois model bylaws for state chartered credit unions provide:

A member who has caused a loss to the credit union, failed to maintain one or more shares at the credit union, or violated board policy applicable to members may be expelled by a majority vote of a quorum of directors if the board has adopted a policy providing for expulsion under those circumstances. In maintaining and enforcing a policy based on loss, the board may consider, without limitation, a member's failure to pay amounts due under a loan, failure to provide



collected funds to cover withdrawals or personal share drafts or credit union drafts where the member is a remitter, or failure to pay fees or charges due the credit union.

3. How can the Board improve the FCU bylaws to facilitate the recruitment and development of directors?

ICUL believes a credit union's ability to recruit effective directors will improve with NCUA guidance presenting methods to identify prospective candidates and ways to assist FCU's attract and retain volunteer directors. While recruitment methods will differ among credit unions, we suggest the overall guidance include a summary of roles and responsibilities and processes for successful board development. Furnishing board members with resources will help credit unions maintain board stability and ensure sound, skilled and involved board members.

Furthermore, a credit union board should be provided the technological options available to minimize time commitments and offer flexibility in their role as volunteer leaders.

4. How can the Board improve the FCU bylaws to encourage member attendance at annual and special meetings.

The FCU bylaws, Article IV provides that the secretary must give notice of at least 30 but no more than 75 days before the date of any annual meeting or at least 7 days before the date of any special meeting of the members. Extending the notice period will allow greater flexibility for credit unions to provide notice of meetings at a time preferable to their membership.

NCUA is positioned to encourage greater attendance at annual and special meetings by allowing FCUs to take advantage of the expansions in technology, whether video conferencing or teleconferencing, a virtual meeting is a practical solution to increase member participation.

Further, by providing members with a remote experience, the high costs of holding an in-person annual meeting and burden of travelling are eliminated.

5. Should the Board eliminate overlaps between the NCUA's regulations and the FCU bylaws?

To avoid confusion and enhance productivity, NCUA should remove overlaps between agency regulation and the FCU bylaws.

Thank you for the opportunity to comment on the Federal Credit Union Bylaws ANPR.

Sincerely,



A handwritten signature in black ink that reads 'Joni Senkpeil'.

Joni Senkpeil
VP Compliance Solutions
Illinois Credit Union League

1807 W. Diehl Rd.
P.O. Box 3107
Naperville, Illinois
60566-7107

(800) 942-7124
(630) 983-3400
(630) 983-4284 Fax
www.iculeague.coop

Springfield Branch
225 S. College Ave., Suite 200
Springfield, IL 62704
(217) 744-1800

