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To: [Regulatory Comments](#)
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Subject: Greg Badovinac Comments on FCU Bylaws ANPR
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Thank you for the opportunity to comment on this Advanced Notice of Proposed Rulemaking on the Federal Credit Union Bylaws. As an individual with more than 30 years in credit union compliance and as part of the 1999 team from the California Credit Union League that helped revise this document to make it easier for federal credit unions to use, I believe there are a number of areas that the Agency can allow FCUs to use to Bylaws to shore up operational issues.

Article I

In the 1999 revisions, the NCUA Board approved the changes to the Purposes section adding "business" as a source of credit. The Supplementary Information stated that making that change would enable FCUs to show that they were "chartered for the purpose of making business loans" and eliminating the cap imposed by the *Credit Union Membership Access Act of 1998*. I call upon the Agency to follow through with his words then and give FCUs the exception provided in that change.

Article XIV

While this article deals with an expulsion procedure for FCUs to expel members, it is ineffective to do so in this manner due to privacy laws implemented within the *Gramm-Leach-Bliley Act*. Without a change in the *Federal Credit Union Act*, it is impossible to expel members. This section needs to have a provision to suspend members who cause a loss to the credit union.

In recent years, a number of people have joined credit unions for the express purpose of defrauding the institution out of money. Once found, these people still have a right to an operational regular shares account according to published legal opinion letters from the Office of General Counsel. Why should FCUs have to keep people who have caused the institution a loss on the active membership rolls with a fully-functioning regular share account to keep depositing checks that will be returned unpaid?

I believe the Agency has this power to allow FCUs this authority. And if the suspended member has questions or wishes to seek reinstatement, then the Board of Directors should make that decision on behalf of the entire membership.

Article XI

Section 2 of this Article dealing with Board-approved late charges is outdated. This is a function of the FCU's management. This Section should be removed as a required part of the Bylaws.

Article XVI

The Bylaws state that certain documents will be kept permanently within Section 5. I agree with this Section. However, with the number of mergers involving credit unions over the last two decades, why is it mandatory to keep such documents of the merged-out credit unions? After a short period of time (two to four years), these documents should be able to be destroyed as with regular business records of the credit union.

Why should the member-owners of the FCU have to pay to store such documents for 10, 20, 30 or even 50 years when they will never be used again. Those documents are traditionally stored securely off-site at a monthly cost to the credit union that is compounded year-by-year.

Conclusion

Thank you for your consideration of my views. As a Compliance Officer at two FCUs over the past 14 years, I believe I have seen where the standard Bylaws do not meet the current needs of FCUs. I look forward to the Notice of Proposed Rulemaking when voted upon by the NCUA Board.

Sincerely,

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Sent from [Outlook](#)