



North Carolina
323 West Jones Street, Suite 200
Raleigh, North Carolina 27603

South Carolina
Post Office Box 1787
Columbia, South Carolina 29202

January 14, 2019

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

Re: Comments on Proposed Rule – Federal Credit Union Bylaws – RIN 3133-AE86

Dear Mr. Poliquin:

The Carolinas Credit Union League (CCUL), the association representing 140 credit unions in the Carolinas, submits the following comments in response to the National Credit Union Administration's (NCUA) request for comments on the proposed rule on the Federal Credit Union (FCU) Bylaws. More than financial institutions, credit unions are community institutions anchored in the people helping people philosophy. With that in mind, CCUL protects and advocates for credit unions and their best abilities to serve their member-owners and communities.

CCUL supports modernization of the FCU bylaws to improve the bylaw amendment process, allowing FCUs to best serve their members. Specifically, CCUL offers the following comments on the bylaw amendment process.

When a FCU submits a bylaw amendment to NCUA, it is normally to make operational changes that can strengthen their financial position and best serve their members. The credit union's effectiveness in making such changes requires a timely response from the agency. Therefore, CCUL encourages NCUA to revisit the excessive 90-day review period proposed by the Office of Credit Union Resources and Expansion (CURE). Expecting a FCU to wait three months for a response or lack of a response is unreasonable.

In the advance notice of proposed rulemaking, NCUA asked for comments on the length of time for the review process. In the proposed rule, NCUA states that a majority of stakeholders felt a 30-day review process would provide CURE ample time to process an amendment request. Yet NCUA further argues that 30 days is insufficient and proposes a 90-day review period—triple the stakeholder-recommended amount of time. NCUA did request additional comments on the review timeframe and subsequently suggested 60 days.

Summary: CCUL argues that both timeframes are too long in most cases, and asks the agency to revisit the 30-day timeframe. Alternatively CCUL offers the following proposal: provide CURE with a 45-day review period and a 15-day extension if the FCU is sent a notice to include the reason for the delay before the 45 days have passed.

Though the 90-day period itself is a concern, more significant is that a bylaw amendment is deemed denied if CURE does not contact the FCU within the 90 days. Per the proposed rule, if the amendment is deemed denied, the only course of action a FCU has is to appeal to the NCUA Board without information on why the request was denied.

Without a response as reference, what information can the FCU provide to the NCUA Board to consider when reviewing the bylaw amendment? The proposed rule also does not indicate how CURE will be involved in the appeal process and what information CURE will provide the NCUA Board. This leaves a FCU blind going into the appeal and without adequate basis for an argument on why the bylaw amendment should be approved.

For example: (1) an FCU-requested bylaw amendment is denied because CURE did not respond within 90 days; (2) the FCU contacts CURE before appealing, only to find out that more information was all CURE needed to make a decision; (3) the FCU's request is delayed for more than three months because CURE needs more information; and (4) the bylaw process is unnecessarily prolonged (greater than 90 days), adding undue burden on the FCU.

Summary: CCUL asserts that CURE is in the best position to vet a bylaw amendment expeditiously and request additional information if needed to make a decision. CCUL asserts that a requested bylaw amendment should be deemed approved if CURE cannot make a decision within a 90-day period.

Thank you for the opportunity to provide comments on the proposed federal credit union bylaws rule.

Sincerely,

A handwritten signature in blue ink that reads "Jeanne A. Couchois". The signature is written in a cursive, flowing style.

Jeanne Couchois
SVP Risk Management Resources, General Counsel