



January 14, 2019

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

Re: *Comments on FCU Bylaws*

Dear Mr. Poliquin:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to comment on the National Credit Union Administration Board's (Board) recent proposal to update, clarify, and simplify the federal credit union bylaws (FCU Bylaws). PCUA is a state-wide advocacy organization that represents a majority of the nearly 400 credit unions located in the Commonwealth of Pennsylvania. We appreciate the Board's efforts to improve the FCU Bylaws.

We had the opportunity to receive comments from some of our credit union members and those commenting generally support the proposed changes, with some suggestions for additional improvements as discussed below.

Introduction

Seeking Bylaw Amendments

Currently, the introduction to the FCU Bylaws provides the process for a credit union seeking a bylaw amendment. There is no timeframe indicated as to how long it may be until the credit union is notified regarding the approval or denial of its proposed bylaw amendment. The current introduction also does not indicate whether a proposed bylaw amendment will be considered approved or denied if a certain amount of time passes.

The proposed rule adopts a 90-calendar day deadline for NCUA's Office of Credit Union Resources and Expansion (CURE) to process bylaw amendments. Our credit unions welcome the addition of a specific timeframe for the processing of the bylaw amendments. The experience of our credit unions has been that it has taken over 3 months to receive the approval of an amendment. While the 90-day deadline would be an improvement, our credit unions indicated that a 60-calendar day deadline would be beneficial.

Article II: Qualifications for Membership

The proposed changes to Article II include the addition of a section 5 to define "member in good standing" and additional commentary to that section to help credit unions dealing with abusive and disruptive members. Our credit unions welcome the additional clarification regarding policies that they can adopt to deal with violent, belligerent, disruptive, or abusive members. Our credit unions commented that they do not need specific examples of that type of conduct – the words that are used in the commentary are descriptive enough for a credit union to recognize and be able to address those members that present problems for the credit union, its staff, and its other members. Our credit unions particularly appreciate the language in the commentary that allows the credit union some flexibility in dealing with these types of members and believe that these situations often need to be dealt with on a case-by-case basis.

Article IV: Meetings of Members

Our credit unions support the changes to Article IV regarding notice requirements which focus on increasing attendance at annual meetings and getting more members participating in the meetings. Our credit unions commented that they struggle with attendance at the annual meetings and have no problems complying with posting notices in the lobbies or on the website. Our credit unions commented that they also use their newsletters to communicate with members regarding the time and place of the annual meetings.

However, our credit unions encourage the Board to adopt an approach to the notice requirements that permit a credit union to engage their membership in the way that best suits the credit union. Rather than requiring the notice in the lobby and on the website, our credit unions would be supportive of a rule that allows the credit union to choose the methods of notice. For example, the Rule could list several methods of notice so long as a credit union used at least two of the methods, it would be in compliance with the Rule.

Our credit unions encourage the Board to adopt a rule that allows for virtual or hybrid meetings without a credit union seeking specific approval. Our commenters do see this as the way of the future for annual meetings and believe if the Board came up with specific requirements for such meetings, they could be conducted in a way that produces greater participation without disenfranchising membership.

Article V: Elections

The proposed changes include language in this section that would require the nominating committee to widely publicize the call for nominations to all members and to interview each member who volunteers. Our credit unions support publicizing the call for nominations; however, we oppose language requiring each applicant to be interviewed. One of our credit unions commented that they recently received between 50 and 60 applications for one position on the Supervisory Committee. The credit union interviewed several people, but it would have been burdensome if it were required to interview every person that volunteered. Regarding a definition for “widely publicize”, our credit unions are in the best position to determine which method of publication works best to reach their membership and therefore no definition or clarification would be necessary. Our credit unions were not opposed to the changes requiring the posting of the nominations by petition and the ones from the nominating committee on the website.

Our credit unions support the Board pursuing changes to the Bylaws that would include an option for elections incorporating some type of electronic voting. Our credit unions are reaching their membership through more and more electronic outlets including e-statements and internet and mobile banking. Members like the convenience of using their mobile phones and computers and our credit unions believe more membership would be engaged in the voting process if electronic voting was used. While the method is available now by seeking approval of a bylaw amendment, our credit unions believe that it should be one of the available options in Article V.

Article VI: Board of Directors

Our credit unions are supportive of the proposed changes to Article VI. The additional clarification regarding family members is a welcome change. This language, in addition to providing clarity as to who can serve in different positions, reflects the importance of ensuring that a credit union’s management and Board does not consist of too many closely-related individuals.

The majority of our credit unions that commented currently have associate directors. They agree with and welcome the definition proposed by the Board. One of our commenters has had an associate director move into a Board position and the others that commented do see the position as a type of training ground or apprenticeship.

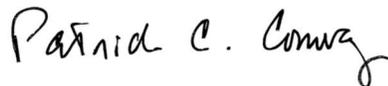
Article XVI: General

Our credit unions oppose the proposal to amend section 6 to add a requirement to post the Bylaws on the website. Currently if a member requests a copy of the Bylaws, the credit union will provide the copy to the member. This process can work to satisfy the requests of remote members or those who are not able to travel to the credit union to request a copy in person.

Conclusion

PCUA and its member credit unions appreciate the Board's continuing evaluation of the Federal Credit Union Bylaws in an effort to modernize and provide clarity to the Bylaws which are so important to the operation of federal credit unions. We would be happy to discuss our comments in detail at your convenience.

With best regards,

A handwritten signature in black ink that reads "Patrick C. Conway". The signature is written in a cursive style with a large initial 'P' and a long, sweeping tail on the 'y'.

President & CEO

PCC:ALR:llb

cc: PCUA Board
PCUA Government Relations Committee
PCUA Regulatory Review Committee