

Via email at: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

January 11, 2019

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

RE: Proposed Rule on Federal Credit Union Bylaws

Dear Mr. Poliquin:

On behalf of NuVision Federal Credit Union (NuVision), I appreciate the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rule intended to update, clarify, and simplify the Federal Credit Union Bylaws (Bylaws). NuVision serves more than 170,000 members with over thirty branches in Arizona, Alaska, California, Washington, and Wyoming, and holds more than \$2.3 billion in assets.

#### **Article II. Qualifications for Membership**

Article II outlines the requirements for obtaining and continuing federal credit union (FCU) membership. To facilitate an FCU's implementation of its limitation of services policy, NCUA's proposed rule amends Article II to distinguish between a member that retains all of the rights and privileges associated with FCU membership, and a member that is subject to a limitation on services or subject to a restriction on access to credit union facilities.

- NuVision enforces the limitation of services policy, and we believe this policy should remain unchanged.
- Credit unions must be fully able to limit services to members who cause a loss to their credit union and to other member-owners.
- We fully agree with the "member in good standing" language as currently stated, and believe that language should be reflected in the Bylaws.
- A member who is disruptive, violent, or abusive in any way should not be considered a "member in good standing", and must also be subject to the limitation of services policy.

#### **Article IV. Meetings of Members**

Article IV addresses procedures related to annual and special meetings of an FCU's membership. NCUA has previously requested comments specifically on methods to encourage member attendance at annual and special meetings. The proposed rule makes several changes to Article IV to encourage greater member participation, including enhanced notice requirements and adjustments to quorum requirements.

- An FCU's board should be allowed, but not required, to conduct an annual or special meeting using various technological platforms now available, including teleconferencing and internet-based meeting platforms.
- We know that many members cannot attend in-person meetings, for both time and cost considerations, and allowing more flexibility in how a FCU's board can conduct meetings will increase meeting participation.
- While we understand NCUA's concern about member disenfranchisement, we are confident that as member preferences for conducting routine transactions have moved from in-person to digital channels, more members will appreciate taking advantage of the various platforms now available to attend a meeting than would possibly be disenfranchised.

NuVision agrees with the proposed rule regarding enhanced notice requirements:

- That notice for the annual meeting be posted in a conspicuous place; in the FCU's physical office; at least thirty (30) calendar days before the meeting;
- And be prominently displayed on the FCU's website, if the FCU maintains a website.

However, we strongly disagree with the proposal to revise upwards the quorum requirement, that a quorum require twelve (12) members, excluding the board, staff, and officials:

- This additional regulatory requirement will place a huge cost burden on the FCU and will be very difficult to achieve;
- Additionally, the proposed rule already encourages member attendance by other technological means, which is sufficient;
- And therefore renders this additional regulatory requirement redundant, unnecessary, difficult to comply with, and expensive.

## **Article VI. Board of Directors**

Article VI provides requirements related to the board of directors and their meetings. As part of the 2013 consultation process with members of the credit union industry, NCUA received comments suggesting that the Bylaws be revised to provide specific guidance to FCUs interested in establishing "director emeritus" and "associate director" positions. Commenters suggested that greater flexibility in regard to these types of arrangements would enable an FCU to better plan for vacancies in board positions and retirements among current directors.

- The specific board positions proposed in the Bylaws for "director emeritus" and "associate director" are too narrow in focus.
- Instead, FCUs should have the flexibility and latitude to establish specific board positions that are, in their best business judgment, the most appropriate for the FCU and reflect the best interests of their members.

For FCUs that elect not to have a specifically appointed credit committee, the proposed rule adds two options intended to provide flexibility in addressing a loan applicant's request for review of a denied loan application. The FCU Act requires a board, at the request of the applicant, to review any application that has been denied by a loan officer.

- FCUs already have a process in place for addressing member concerns, including any complaints or requests to review denied loan applications.
- Any member concern or formal complaint is already thoroughly addressed through the Supervisory Committee's prescribed review process, which satisfies any applicant's request for board involvement or review of a denied loan application.
- This Supervisory appeals and review process is already required, established, and standardized, and has a proven track record of efficiently responding to members.
- Thus, this requirement is unnecessary, onerous, and redundant, and would be operationally expensive.

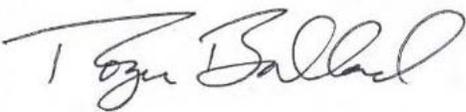
#### **Article VIII. Credit Committee or Loan Officers**

Article VIII provides the requirements for the credit committee, if an FCU elects to have one, and the requirements for loan officers, if an FCU does not have a credit committee. The proposed rule incorporates into the Bylaws several NCUA General Counsel (GC) opinion letters endorsing FCU's use of automated systems to process, and

- It is well-established that FCU's can, and should be able to, use automated systems to process, underwrite, and fund loans—referring to the GC opinion letter on "Automated Loan Underwriting and Funding".
- But we do not support, nor do we feel it would be appropriate, to require an FCU to use a credit committee or loan officer to review the loans for fraud and other purposes, or to review loans that the automated system has denied.
- This additional requirement is unnecessary, operationally redundant, and cost-prohibitive.

Thank you again for this opportunity to comment on NCUA's proposed regulations, and to provide our insight on the proposed Bylaws. I appreciate your consideration of our positions, and look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "Roger Ballard". The signature is written in a cursive, flowing style.

Roger Ballard  
President & CEO  
NuVision Federal Credit Union