



January 14, 2019

Gerald Poliquin  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Va. 22314-3428

**SUBMITTED VIA EMAIL:** [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

**RE: RIN 3313-AE86 - Federal Credit Union Bylaws**

Dear Mr. Poliquin,

Please accept this response to the National Credit Union Administration's (NCUA) proposed rule, updating the standard Federal Credit Union bylaws (FCU Bylaws). The Minnesota Credit Union Network (MnCUN) represents the interests of Minnesota's 107 credit unions and their more than 1.7 million members. Thank you for the opportunity to provide feedback on the proposed rule. We support most of the updates the NCUA proposes. Please consider the following suggestions.

Meetings of Members

Please amend the FCU Bylaws to allow for virtual meetings. One of the NCUA's objectives was to improve the FCU Bylaws to encourage member participation at meetings. We feel the proposed changes are not enough to further that objective. We support the proposed changes to the notice requirements of Article V. However, it is inconvenience, not lack of awareness, that is the largest hinderance to member participation and attendance in meetings.

Allowing virtual meetings reduces the inconvenience and therefore should increase participation and attendance - especially among millennials and other younger generations. Like it or not, we live in an age where the preferred method of communication is digital. Not only is this true in personal interactions, but in business as well.<sup>1</sup> Additionally, technologies exist with the capabilities to support virtual meetings. This includes the capability to: verify attendance, allow members to communicate and vote. Technology can accomplish all these things in a secure, efficient and documentable way.

We understand that conducting virtual meetings may result in disenfranchisement for some members, however, in-person meetings can also leave members disenfranchised. For many (perhaps most) credit unions, it's impossible to select a meeting location where at least some members are not

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<sup>1</sup> It's estimated that by the year 2020, 50% of all employees will work remotely. *Fifty Percent of U.S. Workforce Will be Remote by 2020; ULTATEL's Cloud-Based Technology Paves the Way.* (Feb. 14, 2018) Retrieved from <https://markets.businessinsider.com/news/stocks/fifty-percent-of-u-s-workforce-will-be-remote-by-2020-ultatel-s-cloud-based-technology-paves-the-way-1015773617>

disenfranchised due to the location of the meeting. Take for example, credit unions with members nationwide. For those credit unions a virtual meeting makes the most sense because it's impossible to choose a physical location that is convenient for all members. Furthermore, in-person meetings can create significant challenges for disabled persons. Getting to, and participating at, the meeting can both be challenges depending on a person's disabilities. The technology used for virtual meetings helps overcome some of those challenges. The point is, in-person meetings do not eliminate the disenfranchisement issue. Virtual meetings might not make sense for all credit unions, but the choice should be available to those credit unions for which it does make sense. At a minimum the FCU Bylaws should be amended so that credit unions may conduct hybrid (combined virtual and in-person) meetings without having to submit an amendment request to the NCUA.

Please reconsider your decision to amend the quorum requirements. The proposed change creates a risk of increased costs for some credit unions. The FCU Bylaws encourage credit unions to hold meetings at locations that are convenient for most of their members. For many credit unions this means conducting meetings at locations other than a credit union branch or office. This involves renting space at a hotel or other facility. Additionally, to encourage participation and provide a benefit to members, many credit unions arrange for guest speakers, informational and educational content and entertainment as part of the meeting. Such arrangements make adjourning a meeting to a later date extremely difficult and costly. Not to mention the inconvenience to members who made the effort to travel to the initially scheduled meeting. Motivating members to participate in meetings is already a challenge for many credit unions. Making the quorum requirements more onerous will not mitigate that challenge, it only increases the risk that a quorum will not be met. We understand and support the NCUA's objective here - encouraging wider participation at meetings. However, we think making attendance and participation in meetings more convenient (e.g., virtual meetings) is a better way to achieve that objective.

### Shares of Members

We ask the NCUA to consider revising Article III, Section 1 by adding an optional paragraph that does not contain language implying that subscriptions to shares may be paid in installments. As stated in our initial comment letter, it's highly uncommon for a credit union to accept installment payments for shares. (MnCUN Comment Letter, May 21, 2018, p. 4.) We understand the NCUA does not view this provision as requiring federal credit unions to offer installment payments as an option. (*Federal Register*, Vol. 83, No. 219, p. 56661). However, the current language is confusing. This can be easily solved by having an optional paragraph that does not contain any reference to installment payments as an option.

For these same reasons, the language of Article II, Section 2 should also be revised by removing the phrase, ". . . payment of the initial installment . . ." Even if a credit union allows a share subscription to be paid in installments, the phrase is not needed because the details of how that subscription is to be paid is covered in Article III, Section 1.

Accounts for Trusts

Please consider revising the language of Article III, Section 7 to allow membership requirements for trusts to be met through the trustee. It is the trustee, not the beneficiary, who has authority over the property held in a trust. Therefore, it's the trustee who has the most interaction with the credit union. These accounts should be treated like IOLTAs where membership can be established by the attorney who is managing the account and the membership of the clients who own the funds in it is irrelevant. Like the attorney on the IOLTA, the trustee of an account for a trust, whether the trust be revocable or irrevocable, acts in a fiduciary capacity with respect to the account. Not permitting the membership eligibility to be determined at the trustee level puts credit unions at a competitive disadvantage to banks that can very easily and routinely do open these accounts for trustees. We are not suggesting the NCUA prohibit membership from being determined at the beneficiary level. We're asking the NCUA to take a pragmatic approach and create more flexibility for members by allowing membership requirements to also be met through the trustee.

Thank you for the work you are doing to improve the FCU bylaws and for considering our comments on this matter. If you have any questions about our comments, please do not hesitate to contact me at (651) 288-5517.

Sincerely,



Tim Tacheny  
General Counsel  
Minnesota Credit Union Network