

JUN28'07 PM 2:32 BOAR

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

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Re: Proposed Rule – Federal Credit Union Bylaws

Dear Ms. Rupp:

We appreciate the opportunity to comment on the proposed rule to incorporate the Federal credit union bylaws into NCUA regulations. We strongly oppose such a measure as NCUA currently utilizes its full range of enforcement authorities. We believe that the incorporation of bylaws is the beginning of a movement by NCUA to increase the regulatory burden on credit unions.

In the proposed rule, NCUA states that incorporation of bylaws are needed to clarify their ability to use a full range of enforcement authorities, in appropriate cases. NCUA policy has been that appropriate cases are bylaw disputes that threaten the safety and soundness of the credit union or violates a provision of the Federal Credit Union ACT or NCUA regulations. However, we believe that NCUA currently exercises their full range of enforcement authorities and that the incorporation of these bylaws is a guise for more regulation. The incorporation of bylaws will be a precipice for extending examination (and preserving NCUA jobs) by citing bylaw violations.

We have heard of a disturbing case that precedes this proposed rule that suggests the affects of by-law incorporation. We received a copy of a letter (enclosed) sent from Maui Teacher's Federal Credit Union (MTFCU) to their members. This letter states, "The Board of Directors has received communication from the National Credit Union Association that the election procedures of nominees conducted by the Maui Teacher's FCU these past 20 plus years, and approved by you, its members, have been declared invalid." NCUA removed all directors from office and ordered new elections. Members from MTFCU informed us that all elections were declared invalid because the election chair did not call for nominations from the floor, despite the fact that the MTFCU newsletter allowed any member to place themselves on the nominating ballot (which received zero nominations) and no member requested nomination from the floor during any previous election. Our review of the 5300 indicates that MTFCU was in sound financial condition. We believe that the issue regarding nominations from the floor is an internal bylaw issue. NCUA's actions signal a change in direction toward strict enforcement of internal bylaw issues.

This change in direction by NCUA affects all credit unions. There are countless credit unions that can have their board removed because they deviated from the exact wording of their bylaws. The incorporation of bylaws into the regulation will enhance

NCUA's ability to micromanage credit unions and justify regulatory involvement over internal credit union affairs.

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Sincerely,

Committee for Smaller Government

# MAUI TEACHER'S FEDERAL CREDIT UNION

P.O. Box 1190 • 2145 Wells Street, Suite 101 • Wailuku, Hawaii 96793  
Telephone: (808) 242-2997 • Fax: (808) 242-4024

May 18, 2007

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Dear Members:

The Board of Directors has received communications from the National Credit Union Administration that the election procedures of nominees conducted by the Maui Teachers FCU these past 20 plus years, and approved by you its members, have been declared invalid.

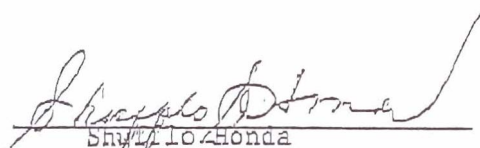
Since the NCUA has determined that we were not validly elected, we have decided that we should not take further action as directors on behalf of Maui Teachers FCU, and have decided to leave the Credit Union, effective May 18, 2007. The NCUA has been notified of our decision.

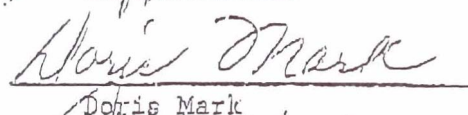
Ultimately, the members will decide who sits on the Board. We thank all of our friends and supporters these past thirty years.

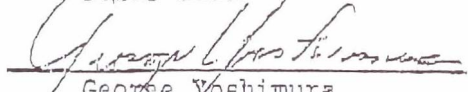
Joseph Kong, Manager, will continue to manage the operations of the Credit Union in the interim, unless instructed otherwise. There should be no interruption of services to members. As a reminder, a special meeting of members to vote on Directors is scheduled for Thursday, May 24, 2007, 4:00 to 6:00 pm at Dani's Catering, 880 Kolu Street, Wailuku Industrial Park, Wailuku.

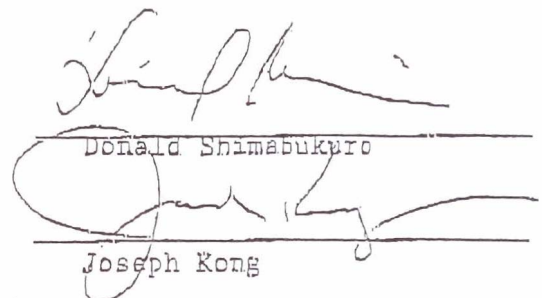
Mahalo and Aloha!

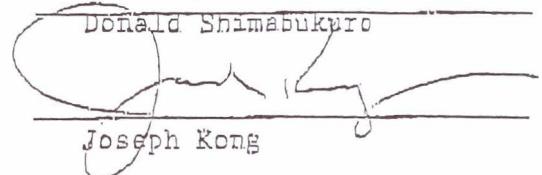
Very truly yours,

  
Shigeo Honda

  
Doris Mark

  
George Yoshimura

  
Donald Shimabukuro

  
Joseph Kong