

June 28, 2007

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

Re: MCUL Comments on FCU Bylaws

Dear Ms. Rupp,

The Michigan Credit Union League appreciates the opportunity to comment on the proposed changes to the Federal Credit Union Bylaws. The MCUL is a statewide trade association representing nearly 340 credit unions located in Michigan. Based in Northville Township with a satellite office in Lansing, Michigan, the MCUL offers member credit unions leadership in the legislative and regulatory arena, training and professional development for staff and volunteers, public affairs and information services.

General Statement of Support

As a general posture, the MCUL supports the efforts of the NCUA Board in this effort to reincorporate the Federal Credit Union (FCU) Bylaws into the NCUA regulations with the intention of re-enabling the NCUA with bylaw enforcement authority. Several situations across the country, including Michigan, have exemplified the need for the regulator to intervene in a critical situation and take appropriate enforcement action as contrasted with allowing the issue to be resolved in the judicial system. Deferring to the courts has resulted in an enormous waste of time, money and resources for both the members seeking relief and the credit union, not to mention the fact that it remains unresolved after many months.

Selective Involvement by NCUA

The proposal's background commentary and proposed revision to the Bylaws Introduction reflect NCUA's intention to intervene only for important reasons, while maintaining the expectation that for more routine disputes, the credit union and the members should reach an appropriate resolution. The important reasons stated include situations that threaten safety and soundness, or that violate the FCU Act or other NCUA regulations, and now for situations listed in the proposal that threaten a member's "fundamental, material credit union member right." As the commentary states, these are rights that go to the very heart of the cooperative principles that serve as the cornerstone of the credit union system.

Thus NCUA proposes not to intervene in every bylaw dispute, nor should it. While the proposal gives NCUA a significant degree of discretion, the inclusion in the commentary and Bylaw introduction of key standards for essential matters that will draw them in, will provide adequate assurances to members that the NCUA will intervene for more weighty situations.

Whole Board Removal and Succession Requirements

The MCUL believes that the procedure outlined in the proposed bylaws giving the Supervisory Committee an automatic “temporary board” role for the situation when the entire board is vacated is appropriate. It also provides reasonable requirements for new replacement board elections that have been needed for some time.

The “temporary board” role assigned to the Supervisory Committee includes no authority to act on policy matters. We believe this provides adequate control over important matters more appropriately left to a board duly elected by the entire membership. The process and timeliness for new board elections also seem reasonable. The bylaw changes require timely action by the Supervisory Committee to call a special meeting, but also inject a degree of practicality to allow for use of the annual meeting depending on timing proximity.

Number of Signatures Required for a Special Meeting Petition

We are disappointed that the proposal does not include bylaw changes that would raise the number of signatures required in the petition requesting a special meeting. A special meeting is a significant undertaking with meaningful consequences and should be requested by a meaningful number of interested members. In Michigan, the number is 10% of the membership. While the proposal does offer commentary that this question was considered, the Board decided that if a FCU wanted a higher number of signatures than is currently required, that the FCU should individually seek a non-conforming amendment to its bylaws. While this is not unreasonable, it does take away from the uniformity of requirements and we would urge NCUA to reconsider its position.

Special Meeting Date

The proposal also does not address any changes to the bylaws as to when a special meeting needs to be held following the FCU board’s receipt of the petition. Under current interpretation, the meeting must be held within 30 days. We believe this to be too short in today’s world where legal counsel may have to be brought in to address issues related to the petition. This extra time can benefit both the FCU board, or the members concerned with the petition. We re-iterate our earlier position that the timeline be extended to 45 days to give all interested parties sufficient time to address all the issues related to the petition.

In conclusion, we generally support NCUA’s efforts in this area and feel the reincorporation of the FCU Bylaws into the regulations will inject a degree of discipline into the member-FCU relationship. Disputes are better resolved within the credit union family and the regulator needs to play an important role for more timely, efficient, and consistent resolutions.

Sincerely,

David Adams
President and CEO