

Jeffrey Noe
42015 Ford Road #258
Canton, MI 48187
June 4, 2007

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

Re: Comments on Proposed Bylaw Enforcement

Dear Ms. Rupp:

Thank you for the opportunity to comment on the proposed change to NCUA Rules & Regulations (RR), Part 701, regarding the enforcement by NCUA of a federal credit union's (FCU) bylaws.

As a member of a large FCU whose board ignored a special meeting petition by the membership, I wholeheartedly support NCUA's proposal to change the RR to give the Agency the latitude to enforce the bylaws, when appropriate.

Currently, if a credit union does not abide by its own bylaws, it is up to the members to bring action in state court to force the credit union to follow its own bylaws. If a credit union is considering ignoring its own bylaws, its board will realize that the likelihood that it will be challenged in state court is very small, due to the prohibitive cost to members. Individual members would be very unlikely to spend the tens of thousands of dollars necessary to obtain a judgment to force a credit union's board to follow its own bylaws. In short, currently, there is no practical means for members to require a board to follow its own bylaws. The Agency should take definite action to correct this situation.

In addition, when a case is taken to state court, the time to resolution is likely to be years, not a matter of weeks or months, as would be the case if the Agency were to enforce the bylaws. In some cases, such as where a special meeting is called to address an urgent matter, if the board ignores its members' expressed direction, the interests of the membership may be severely prejudiced by the delay caused by taking an action into the courts.

On a related matter, the proposed rule summary seems to indicate that consideration would be given, on an individual basis, to increase the number of signatures required to hold a special meeting. While some increase in the standard number may be reasonable for larger credit unions, the Agency should assure that the bar is not set unreasonably high. One comment letter being submitted suggests that 10% is a good number. Given the relatively low number of members who actually vote in credit union elections, this number may be insurmountable for larger credit unions, and it may be a multiple of members who actually voted in the last election. It seems more reasonable to base the number of signatures required for special meeting petitions on the number of members who voted in the last board election. For example, using the 10% number espoused by the other comment letter referred to above, applying this 10% to the number of members who voted in the last election might be reasonable for larger credit unions, rather than 10% of the entire membership base. Making the number of signatures required to hold a special meeting too high would disenfranchise members just as much as the board's ignoring a valid special meeting petition.

Thank you for the opportunity to comment.

Sincerely,

Jeffrey Noe