

Marvin C. Umholtz, President & CEO
Umholtz Strategic Planning & Consulting Services
1500 Ebony Drive Castle Rock, CO 80104
303 601 9065 marvin.umholtz@comcast.net

June 5, 2007

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

Re: Umholtz Comments on Federal Credit Union Bylaws

Dear Ms. Rupp:

I appreciate having the opportunity to present these comments to the Members of the NCUA Board concerning the Board's proposal to reincorporate the Federal Credit Union (FCU) Bylaws into NCUA regulations. The opinions expressed in this comment letter represent my point of view and are not necessarily the views held by any organization with which I am affiliated. My comments are founded upon the time-tested American principles of economic liberty and limited government. If you have any questions concerning these comments, please feel free to contact me for clarification or elaboration.

NCUA's FCU Bylaws Proposal Should Not Be Adopted; Overhaul Recommended

Any supporter of economic liberty and limited government should strongly oppose adoption of this proposal. NCUA is incorrect in its contention as outlined in its *Federal Register* statement that, "Because the revised Bylaws were issued so recently, NCUA believes another major review is unnecessary at this time." The NCUA Board's April 26, 2006 changes to the FCU Bylaws continue to incorporate governance expectations that are better suited for 1937 rather than 2007. As opposed to incorporating the existing anachronistic FCU Bylaws into its regulations, the NCUA Board should immediately engage in a comprehensive modernizing overhaul and deregulation effort instead.

NCUA Board Policy Should Encourage a Credit Union to Customize Its Bylaws

The NCUA Board should encourage each federal credit union, especially one with more than \$100 million in assets, to customize its bylaws to reflect the unique governance needs of a federally insured financial institution of its size. NCUA's current policy imposing "one-size-fits-all" standard bylaws, to which exceptions are rarely allowed, is totally inappropriate for credit unions with tens of thousands or even hundreds of thousands of members. As long as a credit union's bylaws meet statutory requirements, the NCUA Board and Regional Directors should allow individually customized versions. There is no need for questionable social engineering by NCUA, as is the case in the current standard FCU Bylaws.

Retain Standard FCU Bylaws Option for Small Credit Unions

The NCUA Board could retain its current set of standard FCU Bylaws as an option for smaller credit unions that may not wish to engage in a customization effort. However, many credit union boards and CEOs, especially those of larger credit unions, will disagree with the NCUA Board's statement in the *Federal Register* that, "For most, the option to draft bylaws completely on their own is unattractive because of the amount of research required to ensure inclusion of all necessary provisions." "Most" is accurate if one is referring to the thousands of tiny credit unions. It is not accurate for the approximately 15% of credit unions that represent over 80% of credit union industry assets and 70% of the members. These larger credit unions' leaders would find it attractive and affordable to develop flexible customized governance bylaws and policies that meet that credit union's unique needs yet still comply with the statutory requirements.

NCUA Should Demonstrate Transparency, Accountability, and Verifiability

As an alternative approach to this proposal, the NCUA Board should use this opportunity to demonstrate increased transparency, accountability and verifiability. As a component of an effort to encourage federal credit unions to develop customized bylaws, the NCUA Board could make the bylaw process more transparent. NCUA could maintain copies of each credit union's bylaws and post them online in a manner similar to what is now done with statements of financial condition. Such open access to members, the general public, industry analysts, and reporters would do much to self-regulate credit union governance while still encouraging flexibility and customization. Online access would also make the NCUA Board and Regional Directors accountable for even-handed fairness in granting bylaw variations to credit unions regardless of size, membership demographics, or strategic objectives.

Internal Governance Dispute Resolution and Enforcement Should Be Online

The NCUA should also make all aspects of its bylaw and internal governance dispute resolution and enforcement actions available online. Industry observers would then be empowered to verify that the NCUA is not interpreting statutory requirements in an arbitrary or capricious manner. Additionally, it would expose to public scrutiny NCUA's actions when a bylaw conflict between a credit union and a handful of dissident members "... poses a threat to fundamental, material credit union member rights. These rights are those that go to the very heart of the cooperative principles that serve as the cornerstone of the credit unions system." Statements like this one from the NCUA Board remarks published in the *Federal Register* may raise questions as to whether the NCUA is an arms-length safety and soundness regulator or a "movement" advocate. Such a statement makes NCUA appear indistinguishable from the credit union industry trade associations or special interest organizations like the National Center for Member Trust.

Enforcement Not Needed if Special Membership Meeting Rules Were Reasonable

The proposed rule to reincorporate the FCU Bylaws into NCUA regulations is unquestionably directed at facilitating dissident members who wish to disrupt a credit union that chooses to convert its charter to that of a mutual savings bank. If the NCUA Board had reasonable conversion rules and modern governance requirements in its

bylaws regarding special membership meetings, there would be no tangible need for increased bylaws “enforcement.” Without these anachronistic bylaws, unreasonable conversion rules, and NCUA’s *in loco parentis* attitude, bylaw conflicts between members and credit union boards would be extremely rare. The NCUA is, in effect, the author of the problem it now seeks to cure with more draconian measures.

This writer has written extensively on the subject and requests that the NCUA Board Members review the report entitled, “Credit Union Governance Stability at Risk: Special Membership Meeting to Remove Board of Directors,” that appears in the addendum to this comment letter. By this reference, I am incorporating the content of the addendum into the content of this comment letter.

Opportunity to Refresh the Credit Union Industry’s Vigor

The credit union industry is experiencing flat asset and membership growth, cutthroat competition, and declining margins. The industry needs to evolve in order to thrive. The NCUA Board has an opportunity to refresh the credit union industry’s vigor by proactively modernizing credit union governance rules as outlined in this letter. The alternative approaches recommended here provide each NCUA Board Member with ways to tangibly demonstrate his or her commitment to economic liberty and limited government.

When there is this much at stake, bylaws enforcement and credit union internal governance disputes are going to end up in court anyway. The NCUA will face increased spending for these governance interventions. Instead, NCUA should fix the source of greatest contention – its special meeting bylaws – and stand down on enforcement. If it gets drawn into these legal challenges, the increased tab will be picked up by the credit unions NCUA regulates and insures. These resources would be better applied to the real challenges that credit unions face on a daily basis.

Your questions concerning these comments and any requests for additional information are welcome.

Marvin C. Umholtz, President & CEO
Umholtz Strategic Planning & Consulting Services
1500 Ebony Drive
Castle Rock, CO 80104-5336
303 601 9065 cell, 720 870 7536 fax
marvin.umholtz@comcast.net

Marvin Umholtz is President & CEO of Umholtz Strategic Planning & Consulting Services based in Castle Rock, Colorado south of Denver. He is a 30-year credit union industry veteran who has held many leadership positions with credit union organizations and financial services industry vendors during those years. An accomplished speaker and former association executive, he candidly shares his credit union industry knowledge and insight with public policy makers, financial industry executives, and vendor companies.

Addendum to NCUA FCU Bylaws Comment Letter
Credit Union Governance Stability At Risk:
Special Membership Meeting to Remove Board of Directors
Research Report by Marvin C. Umholtz, President & CEO
Umholtz Strategic Planning & Consulting Services
March 2007

Research Report Contents:

- **Arbitrary NCUA Bylaws Perpetuate Credit Union Governance Disruptions**
- **NCUA's Federal Credit Union Governance Statutes, Regulations and Bylaws**
- **Most States Provide Governance and Bylaws Flexibility**
- **Anachronistic Credit Union Governance Rules Leveraged by Disruptive Dissidents**
- **FCU Bylaws Impair Credit Unions, Not Dissidents**
- **Prudent Credit Union Boards of Directors Should Seek Updated Governance Rules**
- **State Special Membership Meeting Statutes, Regulations and Bylaws**
- **Credit Union Statutes, Regulations and Bylaws: Federal and States Special Membership Meeting Comparative**

Research Report Highlights and Findings:

- Regardless of the size of the credit union, NCUA's standard FCU bylaws arbitrarily cap at 750 the number of member signatures required to force a special meeting of the credit union's membership to vote on removing one or all of the members of the board of directors.
- Although a handful of states have special membership meeting petition requirements with a lower threshold than NCUA's, the vast majority require many more member signatures to call a special meeting.
- By insisting that 750 is the correct number of member signatures to ensure democratic control at a federal credit union regardless of size, the NCUA Board is in effect accusing the vast majority of states' credit unions of not being democratically controlled.
- Unlike NCUA, many state regulators provide standard or model bylaws, but readily allow individual credit unions to include exceptions and/or customize provisions within the parameters of the state statutes.
- Dissident credit union members cleverly leverage anachronistic credit union statutes and/or bylaws to disrupt the financial institution's governance structure in an effort to intimidate the credit union into halting a charter conversion or reversing other types of business decisions.
- These governance-threatening conflicts would be extremely rare if a more sensible NCUA Board allowed federal credit unions, especially large ones with tens of thousands or hundreds of thousands of members, to require a higher, more accountable number of members to petition for special membership meetings.
- Dissident web sites and petition drives have often achieved their required special membership meeting petition signatures through alarmism, misrepresentation, and false, defamatory, and disparaging statements.

- Aggrieved credit unions have had to use the courts to obtain relief and redress, often after the dissidents have already done the damage in poisoning the institution's member relations.
- Many within the credit union industry believe that the standard federal bylaws should reflect the operating realities of 2007 rather than those of 1937.
- Every credit union board should blow the dust off of its own bylaws and review their appropriateness for today's operating environment and the current size of the institution.

Arbitrary NCUA Bylaws Perpetuate Credit Union Governance Disruptions. The National Credit Union Administration (NCUA) standard federal credit union bylaws only require 750 member signatures to force a special meeting of the credit union's membership to vote on removing one or all of the members of the board of directors (FCU Bylaws Article IV, Section 3.) This 750 cap applies regardless of the size of the credit union. The federal statutes do not specify a 750 cap. It is the arbitrary result of the NCUA Board's regulatory action and should be corrected through similar regulatory action.

Some industry observers believe that the NCUA Board has deliberately kept this low cap in place to discourage federal credit unions from converting to mutual savings bank charters. However, special membership meetings can be called for many purposes including voluntary liquidation, mergers, federal to state charter conversions, and removal of any officials or members who have allegedly harmed the credit union, among others.

Conflicts between credit unions and dissident members have been much in the credit union industry media in recent times. These conflicts have also generated high-profile lawsuits and unflattering local general media coverage. Often, the highly public conflict is the result of a relatively small number of dissident members challenging a credit union's leaders over their strategic business decision to convert the credit union to the mutual savings bank charter. Similar conflicts have been triggered by a fired former credit union chief executive officer attempting to get his job back, a labor union seeking unionization of a credit union's employees, and even a small group of members petitioning to reverse a credit union's recent name change.

These hostilities over governance or business strategy initiated by a handful of dissidents have nothing to do with meeting a member's financial needs, and may ultimately dissuade consumers from trusting credit unions with their personal finances.

NCUA's Federal Credit Union Governance Statutes, Regulations and Bylaws. According to the NCUA, as stated in the introduction to its April 2006 version of the FCU Bylaws, "The Federal Credit Union Act requires the NCUA Board to prepare bylaws for federal credit unions. 12 U.S.C. Section 1758. The bylaws address a broad range of matters concerning the credit union's organization and governance, the relationship of the credit union to its members, and the procedures and rules a credit union follows. The bylaws supplement the broad provisions of: a federal credit union's charter, which establishes the existence of a federal credit union; the Federal Credit Union Act, which establishes the powers of federal credit unions; and NCUA regulations,

which implement the Federal Credit Union Act. As a legal matter, a federal credit union's bylaws must conform to and cannot be inconsistent with any provision of its charter, the Federal Credit Union Act, NCUA regulations or other laws or regulations applicable to its operations."

The federal regulator goes on to explain, "NCUA's long standing view is the bylaws, among other effects, function as a contract between a credit union and its members. While NCUA provides guidance and interpretations of the bylaws, generally state corporate law, to the extent it is consistent with the Federal Credit Union Act and NCUA regulations, determines disputes regarding the enforcement of bylaw provisions. Therefore, NCUA generally does not become involved in resolving internal governance disputes in federal credit unions involving bylaw disputes unless a matter presents a safety and soundness concern."

On January 23, 2007, NCUA Board Chairman JoAnn Johnson announced, "The continually evolving debate over credit union conversions, and the nature of member requests pertaining to credit union governance and records, have prompted me to direct Agency staff to conduct a review of the mechanism for resolving federal credit union bylaw disputes. Specifically, I want a top to bottom assessment of the standards and practices through which a member relates to their credit union, and recommendations for possible changes in their enforceability."

Most States Provide Governance and Bylaws Flexibility. Although a handful of states have special membership meeting petition requirements with a lower threshold than NCUA's, the vast majority require many more member signatures to call a special meeting. By far the most common state chartered credit union requirement is 10% of the entire membership. Furthermore, this 10% requirement is found in many states with significant credit union populations.

There are other states where credit union leaders can select their own requirements to include in their bylaws. Some state statutes do not even contemplate members being able to call special meetings. Other states place no arbitrary caps on the number of the members required for a petition such that larger credit unions require tens of thousands of signatures based on an absolute percentage of the entire membership. By insisting that 750 is the correct number of member signatures to ensure democratic control at a federal credit union regardless of size, the NCUA Board is in effect accusing the vast majority of states' credit unions of not being democratically controlled.

By any measure, state chartered credit unions represent a significant segment of the industry. As of September 2006, there were 3,207 state chartered credit unions out of 8,462 total federally insured credit unions, or 38% of the total number. State chartered credit unions represented \$312 billion in assets out of the total \$700 billion assets of all federally insured credit unions, or 45% of the assets. These state chartered credit unions serve 37.5 million members out of the total 85.8 million members of all federally insured institutions, or 44% of the total members. In just California alone, 186 state chartered credit unions have over \$61 billion in assets and serve 5.5 million members. In Michigan, 236 state chartered credit unions have \$19 billion in assets and represent 2.7

million members. Similar data apply to many other states that require more member petition signatures to call special meetings at large credit unions than does NCUA.

Unlike NCUA, many state regulators provide standard or model bylaws, but readily allow individual credit unions to include exceptions and/or customize provisions within the parameters of the state statutes. This flexibility provides large state chartered credit unions with the opportunity to craft bylaws governing special meetings that guard against frivolous attacks from a handful of members with disruptive objectives.

Anachronistic Credit Union Governance Rules Leveraged by Disruptive Dissidents. These dissident members cleverly leverage anachronistic credit union statutes and/or bylaws to disrupt the financial institution's governance structure in an effort to intimidate the credit union into halting a charter conversion or reversing other types of business decisions. Typically, this intimidation has taken the form of petitioning for a special membership meeting to remove the entire credit union board of directors. These governance-threatening conflicts would be extremely rare if a more sensible NCUA Board allowed federal credit unions, especially large ones with tens of thousands or hundreds of thousands of members, to require a higher, more accountable number of members to petition for special membership meetings.

If \$1.8 billion asset DFCU Financial were a Michigan-chartered credit union, more than 16,000 member signatures would have been required to call a special meeting to remove directors. If Maryland-chartered, the \$320 million asset Lafayette FCU would have required over twice as many member signatures as the FCU standard bylaws. A state like California, with a significant number of very large credit unions, requires at least 3% of the entire membership. Even that relatively low 3% number assures that it would take over 20,000 member signatures to disrupt California-chartered, \$6 billion asset The Golden 1 Credit Union's governance structure. If the nation's largest credit union, Navy Federal Credit Union, were Virginia-chartered, it would take 270,000 members to force the credit union to hold the same meeting for the same purpose for which the NCUA standard bylaw provision says that only 750 member signatures are needed.

FCU Bylaws Impair Credit Unions, Not Dissidents. Credit unions face many regulatory restrictions when dealing with dissident-initiated governance disruptions, especially in the context of a charter conversion. However, neither NCUA nor state regulators proactively ensure that the dissidents act responsibly in such cases. Dissident web sites and petition drives have often achieved their required special membership meeting petition signatures through alarmism, misrepresentation, and false, defamatory, and disparaging statements. These dissidents have also received funding and in-kind assistance from non-member special interests with socio-political and/or self-perpetuating objectives. To date, no regulator has intervened with these dissidents or outside agitators to halt their harassment and intimidation of the targeted credit union's leadership. Aggrieved credit unions have had to use the courts to obtain relief and redress, often after the dissidents have already done the damage in poisoning the institution's member relations.

Many within the credit union industry believe that the standard federal bylaws should reflect the operating realities of 2007 rather than those of 1937. At best, these dissident

enabling bylaws force credit unions to expend resources to respond to the unregulated and disruptive tactics of a few malcontents. At worst, these out-of-date bylaws and the otherwise-avoidable governance disruptions that result, pose a potential threat to a credit union's reputation and unnecessary risk to the national credit union share insurance fund.

Prudent Credit Union Boards of Directors Should Seek Updated Governance Rules.

Whether federally chartered or state chartered, each credit union board of directors has a stewardship responsibility to ensure that the institution is operating under appropriate statutes, regulations and bylaws. Every credit union board should blow the dust off of its own bylaws and review their appropriateness for today's operating environment and the current size of the institution. Once informed, the board should take appropriate action.

Large federal credit unions should apply to NCUA for an exception to the 750-member petition signature bylaw cap. If the exception is not granted by NCUA, then the large federal credit union's leaders could sue the agency over its arbitrary cap. A responsible NCUA Board would recognize that the inappropriately low cap does nothing to promote democracy in credit unions, as is their probable intent, but instead enables tyranny when a relatively small number of dissidents can foment governance disruption and effectively overturn well-reasoned business decisions. Such a realization at the NCUA Board level should result in appropriately revised FCU bylaws and governance regulations. If the NCUA Board remains unresponsive, another alternative would be to seek statutory change through Congressional action.

Leaders from state chartered credit unions should similarly review their own state statutes, regulations, and bylaws governing special membership meetings to determine what is authorized. They should then take a microscope to the current version of the bylaws governing their own individual institution. Since many credit unions were organized decades ago, their applicable bylaws may not have been updated since then, even if the state law and regulatory requirements would allow it. Unlike NCUA, many states allow significant flexibility. In these states, bylaw provisions appropriate to a large-sized credit union may be readily available upon request. In the handful of states where the statutes unreasonably limit the number of members required to petition for and/or call special meetings, the state legislature should be asked to make the appropriate statutory changes.

State Special Membership Meeting Statutes, Regulations and Bylaws. The chart that follows was developed by the author using publicly available Internet access to state statutes and state credit union regulator web sites. Additionally, the author communicated with state credit union regulatory staff to clarify the application of statutes and any standard or model bylaws. Although not an attorney, the author served as a credit union lobbyist for 20 years and is very familiar with the structure and content of credit union acts and bylaws. The table summarizes and simplifies provisions from available statutes and bylaws and should not be considered comprehensive or relied upon as legal advice.

Credit Union Statutes, Regulations and Bylaws: Federal and States Special Membership Meeting Comparative

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Federal	<ul style="list-style-type: none"> • chairperson • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 25 members or 5% of members, whichever number is larger; • no more than 750 members can be required 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • NCUA must approve any non-standard bylaws • unanimous vote of supervisory committee may suspend board director until next membership meeting
Alabama	<ul style="list-style-type: none"> • president if a member of the board • chairman of the board • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 25 members or 2%, whichever is greater 	<ul style="list-style-type: none"> • fill in blank in standard bylaws 	<ul style="list-style-type: none"> • administrator of the Alabama Credit Union Administration shall determine the advisability of holding a special meeting
Alaska	<ul style="list-style-type: none"> • supervisory committee • special meetings may be held under the bylaws 	<ul style="list-style-type: none"> • NCUA standard bylaws are used 	<ul style="list-style-type: none"> • NCUA standard bylaws are used 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend a board director until a special membership meeting can be held • Alaska has only one state CU
Arizona	<ul style="list-style-type: none"> • board of directors as prescribed in the bylaws • supervisory committee as prescribed in the bylaws • standard bylaws allow board, supervisory committee, or membership to call special meetings 	<ul style="list-style-type: none"> • standard bylaws provide for 25 members or 5%, whichever is greater • AZ regulator allows some flexibility in bylaws within CU statutes and AZ corporation law 	<ul style="list-style-type: none"> • fill in blank in standard bylaws 	<ul style="list-style-type: none"> • 2/3rds vote of board or supervisory committee may suspend for cause any director; suspended director may request a special membership meeting to consider • members may suspend or remove any director or committee member at any meeting • absentee, mail ballots or other method of voting if bylaws provide

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
California	<ul style="list-style-type: none"> • board of directors • members 	<ul style="list-style-type: none"> • 10 members or 3%, whichever is greater 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • proxy voting allowed
Colorado	<ul style="list-style-type: none"> • chairperson • president • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • all voting may be in person, by mail or ballot boxes in various locations
Connecticut	<ul style="list-style-type: none"> • governing board • written request from supervisory committee 	<ul style="list-style-type: none"> • currently updating standard bylaws 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • 2/3rds of board of directors or 2/3rds of supervisory committee may suspend board director until a special membership meeting • members may vote in person, by proxy, or mail ballot
Florida	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 20 members 	
Georgia	<ul style="list-style-type: none"> • president • chairman of the board • board of directors • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 25 members 	
Hawaii	<ul style="list-style-type: none"> • statute says as required by its bylaws • board of directors in standard bylaws • audit committee in standard bylaws • membership in standard bylaws 	<ul style="list-style-type: none"> • standard bylaws require 1/3rd of the membership to request a special meeting • standard bylaws are optional and may be customized 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • standard bylaws say director may be removed from office at any membership meeting by 3/4ths vote • statutes provide 2/3rds vote of supervisory committee may suspend board director until next members meeting; optional standard bylaws require unanimous vote

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Idaho	<ul style="list-style-type: none"> • majority vote of supervisory committee may call a special meeting for any purpose • membership meetings may be called as indicated in the bylaws 	<ul style="list-style-type: none"> • bylaws must be consistent with the ID CU Act • ID director of finance must approve bylaws and amendments 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • by unanimous vote, the supervisory committee may suspend official and call membership meeting • by 2/3rds vote the board may suspend committee members • board may suspend any officer for failure to perform duties • CU regulator may suspend board director
Illinois	<ul style="list-style-type: none"> • majority vote of supervisory committee to call special meeting for unlawful acts 	<ul style="list-style-type: none"> • no provision for members to call special meeting 	<ul style="list-style-type: none"> • fill in blank in standard bylaws 	<ul style="list-style-type: none"> • proxy voting on board elections, merger, and voluntary liquidation; • by 2/3rds vote of board, any officer or committee member may be removed • unanimous vote of supervisory committee may suspend board director until next membership meeting
Indiana	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 15 members 	
Iowa	<ul style="list-style-type: none"> • 1/3rd of board of directors • majority of audit committee • membership 	<ul style="list-style-type: none"> • 25 members or 2%, whichever is larger • no more than 100 members can be required 	<ul style="list-style-type: none"> • fill in blank in standard bylaws 	
Kansas	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 12 members 	<ul style="list-style-type: none"> • absentee or mail ballots allowed
Kentucky	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 15 members 	

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Louisiana	<ul style="list-style-type: none"> • executive officer • three members of the board of directors • commissioner of financial Institutions • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 15 members 	
Maine	<ul style="list-style-type: none"> • board of directors • membership 	<ul style="list-style-type: none"> • 25 members or 5% of members • no more than 500 members can be required 	<ul style="list-style-type: none"> • bylaws may vary 	<ul style="list-style-type: none"> • no standard or model bylaws available • generally, 2/3rds of eligible members must vote to remove director • articles of incorporation may require a greater or lesser vote • proxy voting only on dissolution (legislation pending to add merger)
Maryland	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • bylaws provide for quorum 	<ul style="list-style-type: none"> • membership meeting may overrule board except where it will damage CU financial soundness or board fiduciary responsibility • mail ballot may be allowed • unanimous vote of supervisory committee may suspend a director for cause until a special membership meeting
Massachusetts	<ul style="list-style-type: none"> • board of directors • membership 	<ul style="list-style-type: none"> • only 10 or more members required in statute • no standard bylaws required in MA 	<ul style="list-style-type: none"> • bylaws prescribe quorum 	<ul style="list-style-type: none"> • 2/3rds vote of board of directors may remove director • bylaws provide method of voting which may include in-person or by mail

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Michigan	<ul style="list-style-type: none"> • board of directors • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • 7 members 	<ul style="list-style-type: none"> • supervisory committee may be elected, appointed, or eliminated and its duties assigned to the board • supervisory committee has no authority to remove board director
Minnesota	<ul style="list-style-type: none"> • chairperson of the board • supervisory committee 	<ul style="list-style-type: none"> • 25 members or 5%, whichever is larger • 200 members maximum may be required 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • unanimous vote by supervisory committee to suspend director until next membership meeting
Mississippi	<ul style="list-style-type: none"> • supervisory committee may call special membership meeting for unsafe and unauthorized acts 	<ul style="list-style-type: none"> • no standard bylaws required in MS 	<ul style="list-style-type: none"> • no standard bylaws required in MS 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend a director and call a special membership meeting to act on that suspension
Missouri	<ul style="list-style-type: none"> • board of directors • supervisory committee can request for board to call special meeting • membership 	<ul style="list-style-type: none"> • 10% of members 	<ul style="list-style-type: none"> • standard bylaws have a blank to be filled in to define a quorum 	<ul style="list-style-type: none"> • any director, committee member, officer or employee may be removed from office by 2/3rds vote of members at special meeting called for the purpose
Montana	<ul style="list-style-type: none"> • supervisory committee by statute and bylaws • board of directors if in bylaws • membership if in bylaws 	<ul style="list-style-type: none"> • 25 members or 2% of members, whichever is greater, in standard bylaws • credit union may set higher requirements in bylaws 	<ul style="list-style-type: none"> • 15 members in standard bylaws • bylaws may state any quorum since not in statutes 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend board director until next members meeting • member may vote by absentee ballot or mail ballot if bylaws provide
Nebraska	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members or 100 members, whichever is the smaller 	<ul style="list-style-type: none"> • 12 members 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend board director, subject to membership meeting if 10% members request • majority vote of board may suspend director

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Nevada	<ul style="list-style-type: none"> • audit committee • special meetings may be held as bylaws indicate 	<ul style="list-style-type: none"> • commissioner shall prepare bylaws and must approve amendments 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • unanimous vote of audit committee may suspend a board director until special membership meeting • commissioner may recommend board director removal to CU board for action
New Hampshire	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% or 100 members, whichever is less, by statute 	<ul style="list-style-type: none"> • information not available 	
New Jersey	<ul style="list-style-type: none"> • examining committee 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • examining committee may suspend board director until membership meeting; if ratified by members, removal receives final action by board
New Mexico	<ul style="list-style-type: none"> • chairman of the board • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 3% of members or 15 members, whichever is more 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • 2/3rds vote of supervisory committee may suspend board director and call a special membership meeting to consider the suspension • 2/3rds vote of members required to remove director
New York	<ul style="list-style-type: none"> • supervisory committee may call special membership meeting for unsafe or unlawful activities 	<ul style="list-style-type: none"> • bylaws govern special membership meetings 	<ul style="list-style-type: none"> • bylaws govern quorum 	<ul style="list-style-type: none"> • proxy voting allowed • unanimous vote of supervisory committee may suspend board director and call special membership meeting to act on the suspension
North Carolina	<ul style="list-style-type: none"> • bylaws prescribe manner and procedures for membership meetings • board chairman or supervisory committee in standard bylaws 	<ul style="list-style-type: none"> • 10% of membership • CUs may customize standard bylaws, but most do not 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • state administrator of CUs may remove board director for cause

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
North Dakota	<ul style="list-style-type: none"> • bylaws prescribe manner and procedures for membership meetings • board of directors in standard bylaws • supervisory committee in standard bylaws • membership in standard bylaws 	<ul style="list-style-type: none"> • written request of not fewer than 10 members in standard bylaws 	<ul style="list-style-type: none"> • members present constitute a quorum in statute • standard bylaws provide a blank to be filled in to state quorum 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend board director subject to a membership meeting • standard bylaws provide that the board of directors may suspend a director by a unanimous vote and call a special membership meeting
Ohio	<ul style="list-style-type: none"> • meetings of members shall be called and conducted in the manner stated in the regulations (bylaws) 	<ul style="list-style-type: none"> • information not available 	<ul style="list-style-type: none"> • 10% of members, whether in person, by mail ballot, or by proxy ballot constitute a quorum 	<ul style="list-style-type: none"> • majority of the voting members at any meeting may remove a board member • 2/3rds vote of board of directors may remove director • agency superintendent may remove board director for cause
Oklahoma	<ul style="list-style-type: none"> • president • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • any 15 members 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • by unanimous vote, the supervisory committee may suspend board director until next members meeting
Oregon	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 25 members or 2% of members, whichever number is greater 	<ul style="list-style-type: none"> • 15 members 	<ul style="list-style-type: none"> • by unanimous vote, supervisory committee may suspend board director until next membership meeting
Pennsylvania	<ul style="list-style-type: none"> • president • chairman of the board • supervisory committee • membership 	<ul style="list-style-type: none"> • standard bylaws have a blank to be filled in concerning # or % members required to call a special meeting 	<ul style="list-style-type: none"> • standard bylaws have a blank to be filled in to define a quorum 	

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Rhode Island	<ul style="list-style-type: none"> statute encourages use of FCU bylaws and amendment provisions except where inconsistent with state law 	<ul style="list-style-type: none"> statute encourages use of FCU bylaws and amendment provisions except where inconsistent with state law 	<ul style="list-style-type: none"> statute encourages use of FCU bylaws and amendment provisions except where inconsistent with state law 	<ul style="list-style-type: none"> unanimous vote of supervisory committee may suspend board director until next membership meeting bylaws and amendments must be approved by regulator
South Carolina	<ul style="list-style-type: none"> supervisory committee board of directors if in bylaws membership if in bylaws 	<ul style="list-style-type: none"> bylaws prescribe manner in which a special meeting may be called by the members or by the board, or both 	<ul style="list-style-type: none"> information not available 	<ul style="list-style-type: none"> members may vote by absentee ballot, mail or other method in bylaws unanimous vote by supervisory committee may suspend board director and call a special meeting to affirm or reverse
Tennessee	<ul style="list-style-type: none"> board of directors membership 	<ul style="list-style-type: none"> on request of 10% of the members in statute and standard bylaws 	<ul style="list-style-type: none"> fill in blank in standard bylaws or 10%, whichever is the lower figure 	<ul style="list-style-type: none"> 2/3 vote of board may remove director commissioner may suspend or remove a director for cause statute provides CU may adopt bylaws substantially similar to NCUA's standard bylaws
Texas	<ul style="list-style-type: none"> board of directors membership 	<ul style="list-style-type: none"> 2% of members or 500 members, whichever is less 	<ul style="list-style-type: none"> 25 members 	
Utah	<ul style="list-style-type: none"> supervisory committee 	<ul style="list-style-type: none"> neither the statutes or the bylaws address members calling special membership meetings 	<ul style="list-style-type: none"> fill in blank in standard bylaws 	<ul style="list-style-type: none"> unanimous vote of supervisory committee may suspend or remove board director, notify commissioner, and call special membership meeting
Vermont	<ul style="list-style-type: none"> supervisory committee membership 	<ul style="list-style-type: none"> information not available 	<ul style="list-style-type: none"> information not available 	<ul style="list-style-type: none"> director may be removed by 2/3rds vote at members meeting 2/3rds of supervisory cmt. may suspend director subject to membership vote

Credit Union Charter Type	Who May Petition for or Call a Special Membership Meeting?	# and/or % Members Required to Petition for or Call a Special Meeting	Membership Meeting Quorum	Comments
Virginia	<ul style="list-style-type: none"> • supervisory committee 	<ul style="list-style-type: none"> • 10% of the membership 	<ul style="list-style-type: none"> • 10 members 	<ul style="list-style-type: none"> • unanimous vote of supervisory committee may suspend a board director until next membership meeting • voting may be by absentee ballot, mail ballot, or ballot box • proxy voting only allowed when amending the articles of incorporation or dissolution
Washington	<ul style="list-style-type: none"> • board of directors • supervisory committee • membership 	<ul style="list-style-type: none"> • 10% of members or 2,000 members, whichever is less is in the statutes • lesser requirements allowed in bylaws 	<ul style="list-style-type: none"> • statutes are silent, but 15 members is typical 	<ul style="list-style-type: none"> • WA has no standard or model bylaws required by the regulator • majority vote at membership meeting sufficient to remove director
West Virginia	<ul style="list-style-type: none"> • supervisory committee • membership • commissioner 	<ul style="list-style-type: none"> • regulator does not require standard or model CU bylaws • WV Nonprofit Corporation Act and Business Corporation Act provide significant flexibility 	<ul style="list-style-type: none"> • CU has flexibility to set quorum 	<ul style="list-style-type: none"> • 2/3rds vote of supervisory committee may recommend suspension of director to remaining board members • if not satisfied, supervisory committee may call special meeting
Wisconsin	<ul style="list-style-type: none"> • board of directors • membership 	<ul style="list-style-type: none"> • standard bylaws have a blank to be filled in concerning # or % members required to call a special meeting 	<ul style="list-style-type: none"> • standard bylaws have a blank to be filled in to define a quorum 	<ul style="list-style-type: none"> • 3/4ths vote of members present at special meeting required to remove director