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July 10, 2007

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

Re: Comments on FCU Bylaws

Dear Ms. Rupp,

I appreciate the opportunity to comment on the proposed change to reincorporate the Bylaws into the NCUA Rules and Regulations.

In the commentary to the proposal there is emphasis of the phrase "shall be used by. . ." in discussing the purpose of the Bylaws. The emphasis is there, no doubt, to place relevance on the need for the Bylaws. Certainly it was the legislative intent that the NCUA develop Bylaws and that the form of those Bylaws would be modified from time to time. We seem to have forgotten why the NCUA was charged in the Act to develop Bylaws in the first place. The charge for providing the Bylaws was for the simplification of organizing Federal credit unions. Below is the exact wording from the Federal Credit Union Act.

> **Bylaws.**—In order to simplify the organization of Federal credit unions the Board shall from time to time cause to be prepared a form of organization certificate and a form of bylaws, consistent with this chapter, which shall be used by Federal credit union incorporators, and shall be supplied to them on request. At the time of presenting the organization certificate the incorporators shall also submit proposed bylaws to the Board for its approval.

I have read and re-read the Act to see where the NCUA has authority over the Bylaws. The only place that I can find is in the section cited above. The NCUA approves the Bylaws to insure compliance with the Federal Credit Union Act. On the other hand, I find significant charge to the NCUA within the Act to provide for "safety and soundness". If the Bylaws conform to the Act, is it really the responsibility of the NCUA to enforce the Bylaws when the enforcement does not deal directly with Safety and Soundness? NCUA's long held position, as documented by the Agency's General Counsel as part of legal opinions, to defer such issues to courts of competent jurisdiction, is aligned with the Act.

Why are we considering placing the Bylaws in Regulation? The NCUA approved the Bylaws and the form of the Bylaws that were adopted in each and every case. Our problem today is not with the Bylaws, nor determining whose jurisdiction the enforcement falls. The problem is failure of parties to live within the Bylaws. Boards must hold meetings and otherwise act according to their Bylaws. Members have remedies within the Bylaws and have avenues for redress. The courts are established to arbitrate such issues.

The cost of getting before a court is certainly high enough, but my members should not have to pay the cost of arbitrating a dispute that does not involve their Credit Union, which is exactly what happens when the NCUA asserts this jurisdiction. The NCUA cannot solve every member's dispute, or those of groups of members. The NCUA is not charged within the Federal Credit Union Act to settle such disputes.

Additionally, in my opinion, the NCUA places itself at significant risk for litigation potentially initiated by every dissatisfied party of a decision by NCUA to enter or fail to enter arbitration mode. The lack of clearly defined criteria for NCUA to assert jurisdiction and possible inconsistent application of jurisdiction create an environment ripe for litigation and regulatory distraction.

What material event has changed since 1982 which justifies this action? I cannot think of a credit union that failed as a result of the method by which member disputes have been settled since Bylaws were deregulated. If the ultimate goal of the NCUA is to insure that credit unions operate in a "safe and sound" manner, what metric indicates the NCUA has not done an exemplary job in that area? I cannot determine one.

It is my hope that NCUA will not move forward with the placing Bylaws within NCUA Rules and Regulations.

Sincerely,

Robert A. Glenn
President and Chief Executive Officer