

FLORIDA CREDIT UNION LEAGUE, INC.



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August 17, 2007

JoAnn Johnson, Chairman  
National FCU Administration Board  
ICO Mary Rupp, Secretary to the Board  
1775 Duke Street  
Alexandria, VA 22314-3428

Submitted VIA <mailto:regcomments@NCUA.gov>

Comments on Notice of Proposed Rulemaking (Federal Credit Union Bylaws)

Dear Chairman Johnson:

The Florida FCU League (FCUL), representing approximately 170 of Florida's credit unions, appreciates the opportunity to offer our comments on the National Credit Union Administration Board's action to amend or issue regulations. The FCUL is always glad to be able to participate and represent the opinions of the Florida credit union community.

The FCUL and its member credit unions continue to support all NCUA's efforts to improve regulations and respond to emerging problems in credit union regulation. The FCUL understands the problems this proposal addresses and offers its support of equitable resolution methods.

#### FCUL Support

The FCUL supports the efforts of the NCUA Board in their effort to reincorporate, by reference, the Federal Credit Union (FCU) Bylaws into regulatory law status and to

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allow the NCUA to use selective enforcement remedies where egregious abuse exists.

There have been a number of examples of legal disputes, over bylaw issues, throughout the country during the last few years. These disputes have shown that resolution through the legal system is not only ultra expensive but is an awkward and time consuming journey that squanders resources and often leads to unsatisfying results for the credit union system. The current court system is excessively busy; legal challenges are often delayed with extended appeals; and, the judiciary does appear to always understand the basic fundamental rights of credit union's and their members.

Court battles have sullied the public image of credit unions as well as degrading member and public confidence. Maintaining resolution within the credit union system will provide more uniform and informed resolution that should protect both the rights of members and credit unions alike.

#### Enforcement by NCUA

The proposal's emphasizes NCUA's intention to intervene only in selective instances for significant reasons. The FCUL hardly supports this approach and agrees that routine disputes should be able to be settled, appropriately, by the credit union and its member/members. NCUA interventions should be limited to only those cases where there is material abuse or disregard of a credit union's authorized bylaws and internal credit union resolution has failed to resolve the issue. The NCUA should never become the route of first remedy.

The FCUL concurs that the NCUA should have full use of the administrative tools authorized by law rather than being limited to the current, overly harsh, tools (involuntary liquidation, or charter revocation or suspension.) The FCUL believes that in the long run this action on NCUA's part will result in fewer disputes as time elapses. NCUA action will establish precedent and provide legal authority that both members and credit unions can access and assist in local resolution of disputes.

#### Supervisory Committee Authority

The FCUL concurs with the procedure to authorize and limit the supervisory committee's service in a "temporary board" role when the entire board has been removed or has resigned. We also agree with the proposed 45 day rule that would allow the committee to serve until the next annual meeting. However, the following "bulleted" portion of Article IX, Section 3 (a) is cumbersome and confusing. We recommend that NCUA revise and simplify this section of the proposed change.

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- If the next annual meeting has not been scheduled, the temporary board may not call a special meeting to elect interim directors if the month and day of the previous year's meeting plus 7 days falls within 45 days after all director positions become vacant. In this case, the temporary board will call and hold the next annual meeting within 7 days before or after the month and day of the previous annual meeting and the temporary board must serve until the annual meeting. If an interim board is elected and the annual meeting has not been scheduled, the interim board must schedule the annual meeting within 7 days before or after the month and day of the previous annual meeting.

We also agree on the proposal prohibiting the supervisory committee from acting on policy. This function is rightly limited to a duly elected board of directors.

#### Area Not Addressed by the Proposal

The FCUL believes that there is an additional area where revision should be considered to address the problems that precipitated the proposal. Article IV, Section 3 of the bylaws' signatory requirement for a special meeting should be revised. A limit of the greater of 5% of the membership or 750 members is no longer adequate. This can allow, for larger credit unions, a very small minority of members to overly burden the credit union with special meeting requests. The FCUL recommends that this be revised to the greater of 5% or 1,500 members.

Thank you for allowing us to share our comments. We always appreciate the NCUA Board's decision to give credit unions, associations and others an opportunity to participate in the regulatory process. We hope the NCUA Board finds our comments useful in evaluating their action on this proposal.

Sincerely Yours,



Guy M. Hood, President/CEO  
Florida FCU League, Inc.

cc: Mary Dunn, Associate General Counsel CUNA