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August 20, 2007

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

Sent via email

**Re: *Comments on FCU Bylaws
Proposed Rule***

Dear Ms. Rupp:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to provide comments to the National Credit Union Administration's (NCUA) regarding its proposal related to federal credit union (FCU) bylaws.

The PCUA is a statewide trade association that represents almost eighty-four percent (84%) of the approximate six-hundred-five (605) credit unions located within the Commonwealth of Pennsylvania. To respond to this request for comments, the PCUA consulted with its Regulatory Review Committee and State Advisory Committee (the Committee(s)). These Committees consists of twenty-two (22) credit union CEOs who lead the management teams of Pennsylvania federal and state-chartered credit unions. Members of the Committees represent credit unions of all asset sizes.

Request for Clarification:

The NCUA's proposal to reincorporate the FCU bylaws into its regulations is unique in that it drew identical concerns from CEOs of credit unions of all asset sizes. All of our members seek reassurance in the actual language of the final regulation that the NCUA does not intend to become involved, as a general matter, in the enforcement of FCU bylaws.

We recognize that there may be instances where it is appropriate for the NCUA to step in and resolve matters that involve egregious violations of a FCU's bylaws. We support the idea that, in the case of FCU bylaw disputes, suspending a FCU charter or liquidating a FCU is an extreme measure that would cause more harm than good. However, we strongly encourage NCUA to more clearly define in proposed paragraph (e) those instances where NCUA would take enforcement action related to a FCU bylaw violation.

For example, the *Supplementary Information* to the proposed rule provides that NCUA should have the ability to institute an enforcement action when a bylaw violation poses a threat to fundamental, material credit union member rights, which specifically involve the right to:

- Maintain a share account;
- Maintain credit union membership;
- Have access to credit union facilities;
- Participate in the director election process;
- Attend annual and special meetings; and
- Petition for removal of directors and committee members.

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While this language is included as background information for the proposal, the actual language, included in paragraph (e) of the regulation, is much broader and less descriptive of the instances where NCUA would exercise its discretion to use administrative actions to enforce FCU bylaws. We submit that the more descriptive language should be included in the actual, final regulation as opposed to a general reference to cases where an alleged violation threatens fundamental, material credit union member rights.

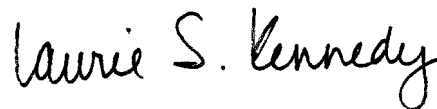
Request for Procedure:

We also request that the proposed rule include a procedure to be employed by the NCUA when it determines to take an enforcement action to address a proposed FCU bylaw violation. For example, we ask that NCUA provide written notice to the FCU management and board of directors of its intent to enforce a FCU bylaw and provide them a reasonable opportunity to resolve the matter without formal regulatory action. We also request that the final regulation provide a process pursuant to which the FCU could appeal a decision by NCUA to pursue an administrative enforcement action regarding an alleged FCU bylaw violation.

As noted in the introduction to the proposal, NCUA examiners do not currently, nor will they under the proposed rule, inquire into a FCU's bylaws unless the FCU's management raises the issue. The final regulations should include language that specifically provides that examiners will not, as a general matter, conduct FCU bylaw compliance examinations or incorporate bylaw examinations into their safety and soundness examines. We submit that NCUA should specifically designate that the appropriate regional director will be responsible for determining whether NCUA should become involved in the enforcement of a FCU's bylaws.

Thank you again for this opportunity to comment on behalf of Pennsylvania credit unions. Please feel free to contact me or any of the PCUA staff at 1-800-932-0661 if you have any questions or if you would like to discuss our comments.

Sincerely,



Laurie S. Kennedy
Associate Counsel

LSK:llb

cc: Association Board
Regulatory Review Committee
State Advisory Committee
J. McCormack
R. Wargo
M. Dunn, CUNA