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Sent Via Fax to: 703.518.6319 - Original sent via US Mail

August 6, 2007

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

Re: Comments on FCU Bylaws

Ms. Rupp:

We appreciate the opportunity to provide our comments regarding NCUA's proposal to incorporate federal credit union bylaws into NCUA regulations.

Incorporation of Bylaws into Regulation

For the reasons outlined below, all of which are based on portions of the background information, we are opposed to incorporating federal credit union bylaws into NCUA's rules and regulations.

First, the Federal Credit Union Act (FCUA) allows the NCUA Board authority to enforce bylaws only through charter suspension and/or revocation or liquidation of the institution. While the Board may feel these are "...a very extreme remedy and unlikely to be an appropriate remedy for any bylaw violation." Congress granted only those powers to the Board. It could be argued that Congress' decision was made based on the understanding that bylaws are a contract and, therefore, state law would govern their enforcement. Much like individual credit unions must work within limitations imposed by regulation; the NCUA should work within the limitations imposed on it.

Second, NCUA has established a history of compliance with the FCUA by not involving itself in bylaw disputes unless safety and soundness or violations of applicable law or regulation are apparent. Further, NCUA correctly recognizes that enforcement of bylaw provisions is a matter of state contract law.

NCUA believes the current environment has become "problematic" with regard to its enforcement authority over bylaws. It is only problematic as NCUA lacks a legal foundation, absent a safety and soundness concern, to support its involvement in bylaw enforcement.

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Although our judicial system may not always be practical or provide adequate relief, it is the system the American public must rely on to resolve legal matters.

By the Board's own admission, this measure is being considered to address "...rare cases where disputes cannot be resolved." The current position is for NCUA to limit its involvement in bylaw enforcement and not, as a matter of practice, to review credit union's bylaws during the examination process. However, the proposed language gives NCUA significant latitude in these areas. If NCUA has the ability to enforce bylaws, they also gain the ability to review an institution's compliance with its bylaws and, thus, create greater regulatory burden.

Fundamental Member Rights

Understanding that NCUA may proceed with incorporation of the bylaws into regulation, we also have a concern in the area of fundamental member rights. Our concern focuses on the right of a member to access credit union facilities.

In theory, we support this as a fundamental right. However, we believe there must be clarification on the scope of this right. As stated, this right could be interpreted to grant a member access to all portions of a credit union facility including areas housing administrative information, confidential member information, or where money or other negotiable instruments may be held. While we do not believe this is the intent, there is no clarification of this fact.

Further, a credit union should have the right to limit physical access to facilities in the case of members who are disruptive to business or that pose a threat to the safety of other members, credit union employees or assets. Again, we do not believe it is the intent of NCUA to eliminate this as a protection but the existing discussion does not place any restrictions on this right.

Thank you for the opportunity to share our views on this issue.

Sincerely,



J. Alan Pughes
President & CEO

JAP/rk