



6705 Sugarloaf Parkway, Suite 200
Duluth, GA 30097
(770) 476-9625 • (800) 768-4282



October 13, 2005

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

Re: Revisions to the FCU Bylaws

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the National Credit Union Administration's proposal to revise the Federal Credit Union (FCU) Bylaws. GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 195 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Background:

The FCU Act requires the NCUA Board to prepare bylaws that are to be used by FCUs. The FCU Bylaws were last revised in 1999, and the NCUA Board is again reviewing them at this time as part of its policy of continually reviewing NCUA rules in an effort to update, clarify, and simplify existing provisions, as well as eliminate unnecessary and redundant provisions. The NCUA Board initiated this latest process last year with an initial request for comments on how the FCU Bylaws should be revised. The Board has now issued specific proposed bylaw changes, based in part on the comments received in response to the initial request. NCUA is expected to issue final changes after reviewing the comments received in response to this latest proposal.

Summary of GCUL's Position:

We support the Board's review and revision of the FCU Bylaws. However, in a limited number of areas, we propose alternative suggestions. Our responses and suggestions are listed below.

We agree with the proposed change in Article III, Section 7, in which FCUs will be able to decide whether to allow joint account holders to be members without each opening a separate account. It is beneficial for FCUs to have this flexibility.

We agree with the idea proposed in changing Article IV, Section 3, that will increase from 500 to 750 the maximum number of member signatures required to call a special meeting. However, due to the wide range of total membership found throughout FCUs, we believe this number should be increased to a maximum of 1,000.

Understanding the proper protocol for annual meetings is very important. It is equally important that members have the opportunity to be heard. Therefore, we agree with the proposed changes in Article IV that are designed to ensure that any member's motion be recognized at a credit union's annual or special meeting. However, the requirement of membership notification is very vague and should be clarified. For example, what manner of notification is sufficient? We believe if the notification requirement is to remain, it should be clarified.

We agree with the proposed change in Article V, Section 7, which will include a blank space for the minimum age for voting and holding office, as opposed to the current provisions that require the board to adopt a resolution that sets this minimum age.

We disagree with the proposed revision in Article V that will require the FCU to mail paper ballots to all members when conducting an election by electronic means. This is counterproductive to the original intent and purpose behind electronic elections and voting procedures. By requiring paper ballots to be sent to all members, even those voting electronically, the credit union incurs higher expenses that are unnecessary. We believe this bylaw should be left in its current form that allows members not voting electronically to request a ballot.

We also disagree with the proposed revision to Article VI, Section 4, to require FCU directors to fill vacancies on the board of directors, credit committee, and supervisory committee "as soon as possible, but no later than the next regularly scheduled board meeting." Setting a timeframe such as this limits the opportunity for finding a suitable replacement. For example, if an unexpected vacancy were to occur the week of the board meeting, the proposed bylaw revision would require a replacement be named in a very short timeframe. We would propose this bylaw be left in its current form.

In the list of board responsibilities in Article VI, Section 6, the proposal will add that this should include establishing a training policy for directors and volunteers in areas such as ethics, fiduciary responsibilities, regulatory compliance, and accounting. We agree that proper training is necessary in order to have well-informed directors who are responsible

for leading the credit union. However, we believe the training should be determined by the leadership of the credit union and not be placed in a bylaw. The board should determine proper training and educational requirements.

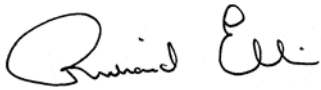
Article VII, Section 2, requires that board officers must be elected at a meeting within seven days of the annual meeting. We believe this seven-day period is a sufficient amount of time. In most cases, officers are elected immediately following the annual meeting.

Article VII, Section 6, includes a provision requiring the financial officer to post a copy of the current financial statement on a monthly basis in a conspicuous place in the FCU. We believe this provision should remain as credit union members have a right to see how their credit union is doing financially.

As a matter of proper internal controls, we agree with the proposed change in Article IX, Section 1, which will prohibit both the compensated officer and the financial officer from serving on the supervisory committee.

Thank you for the opportunity to comment on the proposed revisions to NCUA's FCU Bylaws. If you have questions about our comments, please contact Cynthia Connelly or me at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink that reads "Richard Ellis". The signature is written in a cursive style. To the right of the signature is a vertical red line.

Richard Ellis
Vice President/Credit Union Development
Georgia Credit Union League