

Illinois Credit Union League

P.O. Box 3107

Naperville, Illinois 60566-7107

630 983-3400

VIA E-MAIL TRANSMISSION

regcomments@ncua.gov

October 13, 2005

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

Re: Request for Comment on FCU Bylaws

Dear Ms. Rupp:

We are pleased to respond on behalf of our member federal credit unions to the National Credit Union Administration ("NCUA") Board's request for comments on proposed changes to the standard federal credit union bylaws. The Illinois Credit Union League represents over 80 federal credit unions in Illinois.

The majority of the proposed changes meet NCUA's objective of clarifying and simplifying the standard bylaws. We believe, however, that the proposed changes addressed below should be modified or withdrawn.

Article VI, Section 4.

The current bylaws require a credit union board to fill any vacancy on the board, credit committee, or supervisory committee "within a reasonable time." NCUA proposes to impose the substantially more restrictive requirement that the vacancy be filled "as soon as possible, but no later than the next regularly scheduled board meeting." We believe the current standard is appropriate. Imposing the requirement that vacancies must be filled "as soon as possible" could lead to boards appointing less qualified members rather than taking a reasonable amount of time to find a more qualified appointee.

While board and committee members often notify the board of their resignation at board meetings, there can also be sudden resignations or sudden vacancies resulting from serious health problems or death. A strict interpretation of the proposed requirement

would indicate that the board would have as little as one day to replace a board or committee member who died shortly before the “regularly scheduled board meeting.”

NCUA should retain the current “within a reasonable time” standard. If NCUA feels compelled to provide a specific maximum time frame, the period should be at least 90 days.

Article VII, Section 10.

NCUA proposes to amend the appointment of the executive committee section to require the board to “be specific with regard to the committee’s authority and limitations related to the specific delegation.” We believe this language could be construed as requiring a board to impose substantial limits on such delegation. The credit union’s board is best able to determine the whether substantial restrictions should be imposed. The current and proposed language of Section 10 states that the executive committee acts for the board “with respect to specifically delegated functions.” Additional requirements regarding the delegation are unnecessary.

Article XVIII, Section 2.

Section 2 of Article XVIII defines “organizations of such persons,” “immediate family member” and “household.” NCUA proposes to remove these definitions since they are contained in NCUA’s Chartering and Field of Membership Manual.

We believe the definitions should be retained in the bylaws. Credit unions that are not pursuing changes in their field of membership may rarely if ever have occasion to refer to the Chartering and Field of Membership Manual. The bylaws are a more accessible and succinct resource for most credit unions.

We appreciate the opportunity to respond to the request for comment on proposed changes to the standard federal credit union bylaws. We will be happy to respond to any questions regarding these comments or otherwise discuss our concerns with agency staff.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

By: Cornelius J. O'Mahoney
Senior Technical Specialist