

January 14, 2019

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Comments on Federal Credit Union Bylaws; RIN 3133–AE86

Dear Mr. Poliquin:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to amend the federal credit union (FCU) bylaws found in Appendix A to part 701 of NCUA's rules and regulations.

NCUA is proposing to update, clarify, and simplify the FCU bylaws found in Appendix A to part 701 of NCUA's rules and regulations. NCUA is also proposing changes that will update the FCU bylaws to legal opinions issued by NCUA's Office of General Counsel. Finally, NCUA is proposing other changes designed to remove outdated or obsolete provisions.

HCUA supports a deadline for NCUA's decisions on possible bylaw amendments, as having a defined window of time can help FCUs plan efficiently. However, we believe 90 days is unnecessarily long. We suggest 60 days, which will provide credit unions with more timely responses, greater transparency, and enhanced accountability. We understand that this is a burdensome task, but if credit unions want to make operational changes to strengthen their financial positions and best serve their members, it is critical that we avoid unreasonable delay.

In addition, the proposal would insert "generally" into this sentence, as follows: "NCUA will not *generally* take action against minor or technical violations but emphasizes that it retains discretion to enforce the FCU bylaws in appropriate cases" We disagree with NCUA's proposed addition of the word "generally." While it is not a dramatic change, we are nevertheless concerned with its implication. We strongly believe that NCUA should *not* take action against minor or technical violations. Further, we disagree with NCUA's enforcement of bylaws that merely address administrative issues. The credit union and its members can and do resolve issues on their own in the vast majority of such cases.

While aspects of proposed section 5 could be helpful (e.g., examples of services that may be limited), we are concerned that the potential downside of the proposed language (i.e., unworkable restrictions on credit unions' ability to utilize limitation of services policies) may outweigh the potential benefit. Thus, we do not support section 5 as proposed. It is possible we could support a section 5 (and associated commentary) that refrains from addressing limitation of services policies, but it is unclear whether such revision would necessarily eliminate or greatly minimize the positive aspects of the section.

Dramatically reducing the potential pool of individuals available to achieve a quorum would be challenging for some FCUs and extremely difficult for others. We are very concerned that if such an amendment were to be adopted, it would have harsh unintended consequences. We do recognize that the proposal would maintain the safety net of not requiring a specific number for a quorum at a subsequent meeting if a quorum is not achieved at the original meeting. However, we doubt NCUA would encourage a process where FCUs fall into a pattern of regularly failing to obtain a quorum initially and then relying on the safety

net to achieve a quorum at subsequent meetings.

HCUA requests NCUA amend the FCU bylaws to allow any FCU to hold a hybrid in person or virtual meeting. Further, we ask NCUA to develop a process whereby an FCU may hold a virtual annual or special meeting. Since annual or special meetings are so important and the process of hosting such a meeting entirely virtually may require extra effort to ensure technical issues are worked out, we would not oppose an initial review or approval process by NCUA, at least in the early stages.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive, flowing style.

Brad Douglas
President/CEO