

January 03, 2019

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on FCU Bylaws

Dear Mr. Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of [Pearl Hawaii FCU], which serves [the Community covering the Island of Oahu]. We have [28,955] members and [\$372,007,996] in assets. [Your credit union name] appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposal to update and modernize the federal credit union bylaws (FCU Bylaws).

Letter Body:

The proposed rule establishes an explicit 90 calendar day deadline for CURE to reach a decision on a bylaw amendment. Would another time period, such as 60 calendar days, be more appropriate? What timeframe do you recommend and why?

We believe that a 60-calendar day deadline is an appropriate limit for CURE to make a decision on a bylaw amendment. While most bylaw amendments can be approved expeditiously and well within a 30-calendar day timeframe, A 60-calendar day deadline will provide CURE extra time to consider more complex requests as well as to account for unexpected delays that is not within the office's control

A member not in good standing may be subject to an FCU's limitation of services policy. Do you support the proposed staff commentary regarding limitation of services policy? Why or why not?

No. Credit Unions should be able to expel and close accounts of any member that displays violent, belligerent, disruptive or abusive behavior (including sexual or other forms of harassment). Credit unions have a legal responsibility to ensure safety of their staff and may be held liable for its failure . Abusive and disruptive behavior does not have to be in person, it can happen with any type of contact (i.e. over the phone, social media, email and mail).

Unlike a few years ago (prior to the passage HR 1151), members now have a multitude of choices where to do their banking. Expelling a member for unacceptable behavior does not have the same consequences as in the past.

Do you agree with the proposed definition of "member in good standing" and support adding this language to the Bylaws? Why or why not?

No. The bylaws should state that any member, not in good standing, may be expelled from the credit union's membership

Terms such as “violent,” “belligerent,” “disruptive,” and “abusive” are subjective and, therefore, may not provide absolute clarity. Should the Board attempt to clarify these terms? If so, please provide specific examples of conduct that you believe to be “belligerent,” “disruptive,” and “abusive”

No. The credit union should be able to establish its own code of conduct for its membership

Do you support the proposed requirement that the notice for the annual meeting be posted in a conspicuous place in the FCU's physical office of the FCU, such as at the teller windows or on the front door of the FCU's office, at least 30 calendar days before the meeting? Why or why not?

No. This bylaw was enacted when members frequented the credit union office to do their financial transactions. Today, many of the credit union members use a variety of convenient services (i.e. debit cards, on-line banking, mobile banking, direct deposit, remote deposit capture, etc) offered by the credit union which allow them to perform their transactions without visiting the physical office.

The credit union should be able to fulfill the requirement of posting the date, time and place of the annual meeting on its website and in a member statement message (provided at least 30 days prior to the annual meeting).

Do you support the proposed requirement that the notice for the annual meeting be prominently displayed on the FCU's website if the credit union then maintains a website? Why or why not?

Yes... The credit union should be able to fulfill the requirement of posting the date, time and place of the annual meeting on its website and in a member statement message (provided at least 30 days prior to the annual meeting).

Do you support the proposed annual meeting quorum requirement of 12 members, excluding the board, credit union staff, and officials? Why or why not?

No. In my experience credit union members do not attend annual meetings. Requiring a quorum of 12 members (excluding volunteers and staff) would be a hardship.

The NCUA does not allow an FCU to conduct a virtual or hybrid (combined virtual and in-person) annual or special meeting, unless the FCU obtains specific approval. Do you agree with this position? Why or why not?

No. Credit unions should be allowed to have an in-person or hybrid meeting at their discretion. Today, fields of membership may cover a large geographical area making it difficult for some members to attend a meeting. Allowing a credit union to have a hybrid meeting may provide access to some members who may not be able to attend an in-person meeting.

The proposed staff commentary encourages FCUs to allow a combination of voting methods (i.e., combining mail, electronic, and in-person voting). However, this option is not available and an FCU would have to seek a bylaw amendment. Should the NCUA instead provide an additional option for conducting elections through a combination of voting methods before encouraging this approach?

Yes

Do you support a requirement that the nominating committee widely publicize to all FCU members the call for nominations and then interview every member who volunteers? Why or why not? If yes, should the FCU be allowed to determine the medium for “widely publicizing,” or should this be defined? Please explain your response.

No. It should be up to the Nominating Committee on how they recruit and screen potential candidates for the Board Elections. Members who are not nominated, but wish to volunteer may run by petition. The membership (by voting) will elect their board members.

Do you support a requirement that the secretary post the nominations by petition, along with those of the nominating committee, on the credit union’s website (if the credit union maintains a website), in addition to posting this information in each credit union office? Why or why not?

No. The credit union should have an option to post their nominations and candidates running by petition by mail, website or in their newsletter.

Do you agree with the staff commentary description of the role of an associate director? Why or why not?

Yes. Associate director positions will allow (potential) board members training on the duties of the board.

Do you agree the proposed language meant to clarify the existing restriction on the number of employees and family members of employees who may simultaneously serve on the board is helpful? If not, what recommendations do you have to clarify the restriction?

No. Credit Unions should limit the number of paid employees who serve on the board to the management official.

Do you support the proposed two new options that allow FCUs to choose different ways to form the loan review subcommittee and to select terms for the committee members? Why or why not?

Yes

Do you support requiring FCUs with websites to post their bylaws on the website? Why or why not?

No. The bylaws are already approved by the NCUA and the credit union’s board. The Supervisory Committee has access to the credit union bylaws and they serve as the “watch dog” for the membership. Putting the bylaws on the credit union’s website could cause unnecessary confusion to the and concern for membership.

Do you have concerns with any other provision of the standard FCU bylaws? If so, please provide specific comments.

NO

Summary of your position:

[Write the summary of your position here.]

Closing paragraph:

Thank you for the opportunity to comment on this proposed rule and for considering our views on the FCU Bylaws and staff commentary.

Sincerely,

Gordon Sam
Board Chairperson
Pearl Harbor FCU

cc: CCUL