

Illinois Credit Union League  
P.O. Box 3107  
Naperville, Illinois, 60566-7107  
630.983.3400

VIA E-MAIL TRANSMISSION  
regcomments@ncua.gov

August 20, 2007

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

Re: Comments on Proposed Rule 12 CFR Part 701, Federal Credit Union Bylaws

Dear Ms. Rupp:

The Illinois Credit Union League represents over 100 federal credit unions (“FCU” when referenced singularly) in Illinois. We are pleased to have the opportunity to respond on behalf of our member credit unions to the proposed amendments to the Rules and Regulations governing Federal Credit Union Bylaws.

Enforcement

The National Credit Union Administration (“NCUA”) proposes to incorporate the bylaws into the NCUA Rules and Regulations. We disagree. This proposal is contrary to NCUA’s practice.

Specifically, the NCUA stated following in an opinion letter:

[it] has long maintained that the bylaws function as a contract between an FCU and its members and that they should be interpreted according to state law.

(NCUA’s Opinion Letter 96-0343). Based upon this opinion and FCU practice, we do not support incorporating the bylaws into the NCUA Rules and Regulations.

Ms. Mary Rupp  
Comments on Federal Credit Union Bylaws  
August 20, 2007  
Page 2 of 2

We recognize the NCUA's authority under the Federal Credit Union Act to enforce the bylaws. We support changes to the Introduction of the bylaws which acknowledge that authority. Further, we support an amendment limiting the NCUA's involvement in bylaw disputes to fundamental bylaw issues, such as credit union Safety and Soundness, members' rights and the role of the credit union's board. This should be included in the Introduction to Bylaws. NCUA's involvement in a bylaw dispute should occur only after the credit union has had the opportunity to internally resolve the issue.

Supervisory Committee

We support the proposal to have the Supervisory Committee temporarily assume responsibilities of Board of Directors if a Board of Directors is dismantled. Currently, there is nothing in the bylaws which addresses an elimination of an entire Board of Directors. This assumption of power fills the governance of a FCU and ensures FCU viability during a time of transition.

Procedural Change for Preapproved Bylaws

Currently, a FCU may file proposed bylaw amendments with the appropriate NCUA Regional Office. NCUA proposes a minor procedural change to require NCUA to respond to a bylaw amendment within 15 days. We support shortening the NCUA response time as a means to expedite the bylaw process.

We appreciate the opportunity to respond to NCUA's request for comment on the proposed incorporation of the Federal Credit Union Bylaws into the NCUA Rules and Regulation. We will be happy to respond to any questions regarding these comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

By: Stefanie Demkowicz  
Compliance/Technical Specialist