



December 2, 2022

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Federal Credit Union Bylaws – Member Expulsion; RIN 3133–0132

Dear Ms. Conyers-Ausbrooks:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the NCUA's proposed change to Federal Credit Union Bylaws regarding member expulsion. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.8 million consumers.

We appreciate NCUA continuing with the member in good standing option, and its effort to implement the requirements of the Credit Union Governance Modernization Act (CUGMA). At first glance, one would believe this is a long overdue change. However, we wonder if many credit unions will implement the proposed changes because of the burdensome regulatory hurdles being proposed. Most likely, restricting services will continue to be the action of choice, because there are fewer regulatory hurdles. However, credit unions also have a responsibility to their employees to do everything to protect them against abusive or violent behavior, so member expulsion in addition to limiting services and restraining orders will be necessary. We recognize that the CUGMA includes requirements that the NCUA is not at liberty to change, but where the NCUA has discretion in its rulemaking, we urge it not to require burdensome, time-consuming steps in the process so that credit unions can respond quickly and appropriately to protect their employees and the credit union.

The ICUL encourages NCUA to simplify the regulatory text to assist with compliance, include a start-to-finish list of actions required, and provide sample notices that credit unions can use with the ability to customize them. Those things will help reduce financial burden. However, the proposed changes will create significant costs to credit unions. For example, credit unions will probably adopt policies or procedures; change their membership agreement to include expulsion language; notify existing members of the change; notify members about any non-substantial situations that may subject them to expulsion; notify members when the expulsion process begins; hold a potential hearing with the potential of the credit union's legal counsel being involved; provide an expulsion notice with detailed information regarding the members account and any deductions for losses; and potentially offer the member a reinstatement hearing.

Other areas of improvement can be:

- The 60-day window for expulsion hearings should be shortened. 30-days is sufficient, and these processes will not be new to the member. Most likely, credit unions will have tried corrective actions before to the expulsion process (e.g., letters, discussions, and limited services).

- Under “class of members,” the NCUA should reevaluate its position of protecting groups of members that have created a loss to a credit union. Credit unions are financial cooperatives. So, why would a financial loss be a valid consideration?
- For expulsion hearings, the NCUA should allow credit unions to offer written member responses in abusive situations.
- At the expulsion hearing, credit unions should be allowed to discuss additional/continued situations of the same behavior that lead to the hearing.
- Since the Act requires a member reinstatement process, this should only be a one-time offer and it should be only provided after one year has elapsed.

We do appreciate the NCUA keeping the ability for credit unions to limit services for members not in good standing. That will remain an important option. We also agree that expulsion hearings can be at the discretion of the board. This will allow more specificity during the hearing. When there are membership meetings, information is limited because of privacy concerns or limitations. Also, we appreciate the NCUA’s flexibility to have such meetings virtually. Since the pandemic, this has become an accepted practice.

Thank you for the opportunity to comment. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive, flowing style.

John McKenzie, President
Indiana Credit Union League