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**National Association of Federally-Insured Credit Unions**

November 16, 2022

The Honorable Todd M. Harper, Chairman  
The Honorable Kyle S. Hauptman, Vice Chairman  
The Honorable Rodney E. Hood, Board Member  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

**RE: Permanent Virtual Meeting Flexibility**

Dear Chairman Harper, Vice Chairman Hauptman, and Board Member Hood:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU) and the nation's credit unions, I would like to urge the National Credit Union Administration (NCUA) to provide credit unions with much needed flexibility in fulfilling their annual member meeting requirements. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 133 million consumers with personal and small business financial services products. NAFCU appreciates the NCUA's guidance and flexibility to help credit unions maintain operations and meet their obligations to members during the height of the COVID-19 pandemic. Now and looking ahead, NAFCU encourages the NCUA to fully embrace the utility of virtual meeting technology and other modern forms of communication in facilitating the basic functions of credit unions. The use of these technologies is compatible with the prudent management of a financial institution, and the flexibility to hold virtual or hybrid annual member meetings carries benefits even outside the context of a public health emergency or natural disaster.

The NCUA should remove the in-person quorum requirement in Section 5 of Article IV to allow credit unions the ability to hold annual member meetings, virtually, in-person, or in a hybrid format according to their own needs on a permanent basis and fulfil the quorum requirements through these varying formats. In the interim, NAFCU requests the NCUA swiftly issue a Letter to Credit Unions extending the temporary bylaw amendment flexibility (Section 6 of Article IV of the model credit union bylaws) waiving the in-person quorum requirement for annual member meetings and allowing credit unions to meet virtually upon a state of emergency or major disaster declaration, with the caveat that the requirement for a release of NCUA guidance be eliminated. NAFCU made this same request in a letter dated September 29, 2021.<sup>1</sup> Moreover, the NCUA should avoid delaying the release of such guidance in the future as it only serves to

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<sup>1</sup> NAFCU Letter to NCUA re: Request for Permanent Virtual Meeting Flexibility, <https://www.nafcu.org/system/files/files/9.29.21%20Letter%20to%20NCUA%20re%20Virtual%20Meeting%20Flexibility.pdf>.

create confusion and frustration for credit unions and impacts their ability to plan their annual meetings.

The requests in this letter follow NAFCU's initial request that the NCUA provide flexibility for credit unions to determine how best to comply with member meeting requirements, which led to the release of a Letter to Credit Unions (20-FCU-02) titled *NCUA Actions Related to COVID-19 – Annual Meeting Flexibility*. The letter provided that federal credit unions had the option to adopt a bylaw amendment to hold annual meetings of the members, and special member meetings for authorized purposes other than member expulsion, virtually, in certain circumstances. Of note, one of the circumstances required for the emergency exception to the in-person quorum requirement was that “[t]he NCUA has issued general or specific guidance notifying the credit union that it is appropriate to invoke this bylaw provision.”<sup>2</sup> This guidance was subsequently extended through 2021 and 2022.<sup>3</sup>

The requirements found in the NCUA's Letters to Credit Unions 20-FCU-02, 20-FCU-04, and 21-FCU-06, which only allow credit unions to invoke the flexible meeting bylaw in the wake of a state of emergency or disaster declaration and when the NCUA issues guidance, are impracticable and burdensome. Considering the experience credit unions have gained in using virtual meeting technology over the past three years, the NCUA should allow credit unions to independently determine whether to hold meetings virtually, in-person, or in a hybrid format in all circumstances. Credit union leaders have demonstrated the ability to responsibly manage their institutions during this time through virtual and hybrid meetings and should be granted this discretionary flexibility on a permanent basis.

Allowing credit unions to hold member meetings virtually or in a hybrid format will allow more members to participate in the business of their credit union, especially those older or disabled members who may have difficulty traveling. Virtual meetings were critical for credit unions to maintain their operations during the pandemic and as the work environment has shifted dramatically in this time to a primarily remote or hybrid work posture, it is important that credit unions are able to adjust to the expectations and preferences of their member-owners. Credit unions should be granted the autonomy to determine the meeting format that best suits the needs of their members in all circumstances, while still fostering opportunities for community members to participate in robust discussion, debate, and democratic voting procedures – the pillars that underly the credit union structure and mission. NAFCU fully anticipates that most

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<sup>2</sup> NCUA Actions Related to COVID-19 – Annual Meeting Flexibility. (2020, March 20). National Credit Union Administration. <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/ncua-actions-related-covid-19-annual-meeting-flexibility>.

<sup>3</sup> Federal Credit Union Meeting Flexibility During the COVID-19 Pandemic. (November 2020). National Credit Union Administration. <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/federal-credit-union-meeting-flexibility-during-covid-19-pandemic>; Federal Credit Union Meeting Flexibility in 2022 Due to the COVID-19 Pandemic. (November 2021). National Credit Union Administration. <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/federal-credit-union-meeting-flexibility-2022-due-covid-19-pandemic>.

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credit unions will continue to require in-person annual meetings because that is what their members want and is what best suits the needs of the institution.

NAFCU urges the NCUA to provide credit unions permanent flexibility in determining how they hold their annual members meetings and replace the in-person quorum requirement with a hybrid quorum requirement. In the meantime, as the NCUA considers this request, NAFCU requests that the agency quickly provide guidance to credit unions allowing them to invoke the Emergency Meeting Exception for the entirety of calendar year 2023, with the adjustment that removes the requirement for NCUA guidance. Thank you for your consideration and we look forward to working with you to attain this crucial flexibility. If we can answer any questions or provide you with additional information on any of these issues, please do not hesitate to contact me at 703-842-2212 or [apetros@nafcu.org](mailto:apetros@nafcu.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Ann C. Petros". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ann C. Petros

Vice President of Regulatory Affairs