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**AOR 1998-19**

September 4, 1998

Federal Election Commission  
Office of General Counsel  
999 E Street, N.W.  
Washington, DC 20463

Re: **Advisory Opinion Request**

Dear Sirs and Madams:

On behalf of the Credit Union National Association, Inc. ("CUNA"), Credit Union Legislative Action Committee ("CULAC"), the Texas Credit Union League, the Pennsylvania Credit Union League, the San Antonio Telephone Federal Credit Union and the Patriot Federal Credit Union, and pursuant to 2 U.S.C. § 437f and 11 C.F.R. §§ 112.1 - 112.6, we respectfully request an advisory opinion concerning the application of the Federal Election Campaign Act ("FECA" or the "Act"), as amended, to the Deduct-A-Buck Program established by CUNA for contributions to CULAC and its state Leagues' PACs.

**FACTS**

CUNA is a trade association, incorporated in the State of Wisconsin as a non-profit, non-stock corporation with members. (Copies of CUNA's articles of incorporation and bylaws are attached). CUNA has been recognized as an organization exempt from federal income tax under § 501(c)(6) of the Internal Revenue Code. CUNA was organized, among other things, to promote and improve business conditions relating to the operation of state and federal credit unions. CUNA's membership is composed of state trade association members ("Leagues") and direct credit union members. Fifty-one (51) of the members are Leagues (representing fifty (50) states and the District of Columbia), all of the members of which are state chartered or federally chartered credit unions. Each state League is incorporated and has been recognized as exempt from federal income tax under § 501(c)(6) of the Internal Revenue Code. (Copies of the Texas

and Pennsylvania Leagues' articles of incorporation and bylaws are attached. Every other League's articles of incorporation and bylaws are similar to the attached). Some of the state Leagues, such as Pennsylvania, have federal PACs and others, such as Texas, do not have federal PACs.

CUNA's bylaws have been recently amended to permit credit unions to be members of CUNA. CUNA has approximately ten thousand, two hundred and eleven (10,211) of these credit union members. These credit unions have individual members that maintain share accounts in the credit unions.<sup>1</sup> (Copies of the San Antonio Telephone Federal Credit Union's and the Patriot Federal Credit Union's articles of incorporation and bylaws are attached.<sup>2</sup> These credit unions are representative of CUNA's credit union members).

CULAC is the separate segregated fund established and administered by CUNA pursuant to 11 C.F.R. § 114.5(b). (Copies of CULAC's organizing documents are attached).

Among the ways CULAC proposes to raise money is through the Deduct-A-Buck Program. Under this Program, CULAC would solicit individual account holders in credit union members to make contributions to CULAC or the state Leagues' PACs via preauthorized automatic account transfers. Participating credit unions would execute written prior approval agreements allowing the solicitation of their members pursuant to 2 U.S.C. § 441b(b)(4)(D); 11 C.F.R. §§ 114.8(c), (d). Then, individual account holders who choose to participate would sign automatic account transfer forms that would instruct their respective credit union to transfer funds' either weekly, monthly, quarterly or annually from the members' individual accounts. The credit union would set up debits from the

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<sup>1</sup> Some credit union members also have incorporated small businesses as members. The Deduct-A-Buck Program is not designed to solicit contributions from these corporate members.

<sup>2</sup> The San Antonio Telephone Federal Credit Union has adopted the National Credit Union Administration Model Bylaws. A copy of the Model Bylaws along with amendments made by the credit union have been included.

<sup>3</sup> The Deduct-A-Buck Program was designed, initially, to seek one dollar from credit union members. However, it is anticipated that CULAC may seek higher contribution levels in the future.

members' individual accounts and submit the funds directly to the state Leagues via wire transfer, money order or share draft. Both the credit unions and the Leagues would ensure that the contributions are received by CULAC within ten or thirty days, as required by 11 C.F.R. § 102.8. The Leagues may split the contributions between CULAC and their own PACs, if state laws permit and as authorized by the contributor. (Copies of a Deduct-A-Buck brochure, a prior approval agreement and an automatic account transfer form are attached).

### QUESTIONS AND DISCUSSION

Given these facts, an advisory opinion is sought with respect to the following questions:

1. May CULAC solicit voluntary contributions from the individuals who are members of CUNA's member credit unions?

We believe that CULAC can solicit voluntary contributions from the individuals who are members of CUNA's member credit unions for several reasons. With respect to its credit union members, CUNA is a trade association as defined in 11 C.F.R. § 114.8. As a trade association, CUNA, or CULAC (its separate segregated fund), is permitted to solicit contributions from the "stockholders and executive or administrative personnel" and their families of its member corporations. 2 U.S.C. § 441b(b)(4)(D); 11 C.F.R. § 114.8(c). The Federal Election Commission ("FEC") stated in Advisory Opinion 1982-12 that members of non-stock corporations are to be treated the same as stockholders of stock corporations for solicitation purposes.<sup>4</sup> Thus, a trade association, or its separate segregated fund, is permitted to solicit contributions from the individual members of its non-stock member corporations to the same extent that it would be permitted to solicit the stockholders of member corporations with stock. Id.; see also AO 1990-18, fn 4. In other words, CUNA and CULAC may solicit the individual members of CUNA's credit union members for contributions Federal Election Commission ("FEC") to CULAC.

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<sup>4</sup> The FEC stated in this Advisory Opinion that "[a]lthough the Act and the regulations do not expressly authorize solicitation of the individual members of a trade association's non-stock corporate members, the statutory scheme and legislative history reflect Congress' intent that members of non-stock corporations be accorded the same treatment as stockholders of corporations with stock."

The analogy between members of non-stock corporations and stockholders of stock corporations has been used many times by the FEC. The analogy is often raised in the context of determining whether members of a non-stock corporation are "members" within the FEC regulations, i.e., whether they have a relatively enduring and independently significant financial or organizational attachment. See, e.g., AO 1986-13; 1984-63 (savings account holders in mutual Savings & Loan were "analogous to shareholders in a business corporation").

This analogy between stockholders and credit union shareholders is appropriate because credit unions are similar to stock corporations in that the individual members own "shares" in the credit union based on the fact that they have an account. See, Federal Credit Union Act, 12 U.S.C. § 1759. The individual shareholders have rights in the governance of their credit unions based on their ownership interest in the credit union. See, e.g., Patriot Federal Credit Union Bylaws Article VI, section 5; Federal Credit Union Act, 12 U.S.C. § 1760. Since CUNA and CULAC would be permitted to solicit the stockholders of its member corporations, and since the credit union members are like stockholders in the credit union, CUNA and CULAC should be permitted to solicit the individual members of its credit union members.

We note that CULAC would seek and obtain prior approval from the member credit unions before soliciting any of the credit union members. See 2 U.S.C. § 441b(b)(4)(D); 11 C.F.R. § 114.8(c), (d). Additionally, credit unions would not be permitted to give prior approval to CULAC if they had already given permission to another trade association for the same calendar year. Id.

Thus, we request the FEC to confirm that CUNA and CULAC may solicit voluntary contributions from the individual shareholders in its member credit unions.

2. May state Leagues and member credit unions serve as "collecting agents" for CULAC and the state League PACs?

We believe that the credit unions may act as collecting agents for CULAC. FEC regulations define "collecting agent" as an "organization or committee that collects and transmits contributions to one or more separate segregated funds to which the collecting agent is related." 11 C.F.R. § 102.6(b)(1). The regulations further state that a collecting agent may be "a parent, subsidiary, branch, division,

department or local unit of the connected organization of the separate segregated fund.”

The relationship between CUNA, the Leagues, and the credit unions is that of a federation of trade associations as defined in 11 C.F.R. § 114.8(g).<sup>5</sup> In Advisory Opinion 1995-12, the FEC determined that the Independent Bankers Association of America (“IBAA”) was a federation of trade associations with the state independent banking associations (“SIBA”). The FEC stated that organizations within this federation of trade associations were affiliated and may act as fundraising arms for each other, even if a SIBA did not have its own PAC. Specifically, the FEC stated that the organizations within a federation are collecting agents for the other and are required to comply with the collecting agent regulations. See AO 1995-12.

While this Advisory Opinion did not specifically address the ability of the individual savings institutions to act as collecting agents for IBAA’s PAC and the SIBAs’ PACs (which is analogous to the credit unions acting for CULAC or state League PACs), we believe that credit unions also qualify as collecting agents because, as part of the federation, they are acting as “local units” of CUNA. As collecting agents, the credit unions should be permitted to pay for the costs incurred in soliciting and transmitting contributions to CULAC or the state League PACs. 11 C.F.R. § 102.6(c)(2).<sup>6</sup>

The Act and FEC precedent suggest that the credit unions should be permitted to bear exempt administrative expenses directly. The FECA prohibits corporations from making contributions or expenditures in connection with a federal election. 2 U.S.C. § 441b(a). However, the term “contribution or expenditure” does not include the “establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.” 2 U.S.C. § 431(8)(B)(vi) and (9)(B)(v). The

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<sup>5</sup> See Advisory Opinion 1991-24 (“CUNA also seems to be a federation of trade associations as defined in 11 C.F.R. § 114.8(g)”).

<sup>6</sup> Even if credit unions were not “local units” which are “collecting agents” under FEC regulations, the credit unions would still be able to pay the costs of soliciting and transmitting the contributions to CULAC or the state League PACs as either compliance costs or administrative expenses. See Advisory Opinion 1997-9.

regulations also provide that incorporated membership organizations or corporations without capital stock "may use general treasury monies, including monies obtained in commercial transactions and dues monies or membership fees, for the establishment, administration, and solicitation of contributions to its separate segregated fund." 11 C.F.R. § 114.5(b).

Based on these rules, the FEC has stated that corporate members of trade associations are permitted to contribute funds to the trade association's general treasury, or the trade association's separate administrative account, to defray the costs of establishing, administering and soliciting for the trade association's PAC. See, e.g. AOs1986-13; 1995-17. Thus, credit unions that are members of CUNA are permitted to make contributions to CUNA to defray the administrative and solicitation expenses of CULAC. Therefore, it seems consistent with the Act and FEC precedent that, rather than requiring the credit unions to make payments to CUNA for administrative and solicitation costs of CULAC so that CUNA can then repay them, the credit unions should be able to bear these administrative and solicitation costs directly.

3. Is the automatic account deduction used in the Deduct-A-Buck Program a permissible method of soliciting contributions to CULAC and the state League PACs?

The pre-authorized automatic account deduction aspect of the Deduct-A-Buck Program permits credit union members to sign automatic account transfer forms that instruct their credit unions to transfer funds to CULAC or their state League PACs either weekly, monthly or annually from the members' accounts. We believe that this is a lawful method of soliciting contributions to CULAC and the state League PACs.

Clearly, the Deduct-A-Buck Program is not a prohibited payroll deduction or checkoff system. FEC regulations state that, with respect to trade associations, "[t]he member corporation may not use a payroll deduction or checkoff system for the executive or administrative personnel contributing to the separate segregated fund of the trade association." 11 C.F.R. § 114.8(e)(3). The Deduct-A-Buck Program, however, is not a "payroll deduction" -- the deductions are authorized and made from the members' personal accounts, not from payroll.

While there are no advisory opinions defining the term "checkoff," the Deduct-A-Buck account authorization procedure is similar to other means of contributing that have been deemed permissible by the FEC. For example, in Advisory Opinion 1997-9, the FEC approved a similar program whereby contributions to Chicago Board of Trade's PAC were automatically and electronically deducted from the member traders' accounts at the trading firms.

Similarly, in Advisory Opinion 1986-7, the FEC analyzed the proposed solicitation activities of an agricultural cooperative. The cooperative was incorporated and all of the sugarbeet growers who participated in the cooperative were shareholders in the corporation. As is typical of agricultural cooperatives, the cooperatives pooled the crops of the growers for sale and then remitted payments to the growers. The cooperative proposed to solicit its noncorporate shareholders for contributions to the cooperative's PAC. The shareholders were asked to contribute one dollar annually for each share of preferred stock owned by the shareholder. The participants were also asked to sign an "Assignment and Authorization for Deduction" which authorized the cooperative to deduct the PAC contributions from the first payment made to the grower each year. The FEC determined that this program was permissible under federal law.

In Advisory Opinion 1989-26, the FEC approved a contribution program involving automatic withdrawals from contributors' bank accounts. A federal candidate's campaign committee proposed to solicit contributions from individuals and to obtain the individuals' agreements to make contributions on a monthly installment basis by automatic withdrawals from the individuals' bank accounts. The individuals would sign forms authorizing the committee to "initiate debit entries" to the individuals' checking accounts on a predesignated date each month. The FEC approved the program subject to certain safeguards.<sup>7</sup>

All of the fundraising methods described above are similar to the automatic account transfer used in the Deduct-A-Buck Program and all were approved by the FEC. Therefore, we believe that the automatic account transfer used in the Deduct-A-Buck Program should be approved as well.

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<sup>7</sup> The FEC indicated that the campaign committee had to pay the contributors' banks for the costs of implementing and carrying out the program to avoid the receipt of prohibited corporate contributions.

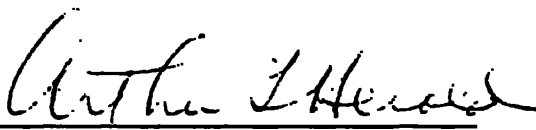
In conclusion, our clients respectfully request an advisory opinion confirming that CULAC may solicit voluntary contributions from the individuals who are members of CUNA's member credit unions, that state Leagues and member credit unions may bear the expenses of soliciting for the Deduct-A-Buck Program and that the account deduction used in the Deduct-A-Buck Program is a permissible method of soliciting contributions to CULAC and the state League PACs.

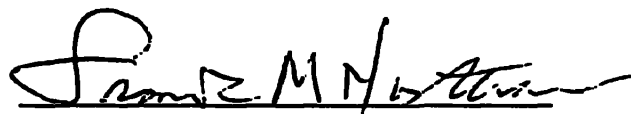
Respectfully Submitted,

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**ARTICLES OF INCORPORATION**  
**OF**  
**CREDIT UNION NATIONAL ASSOCIATION, INC.**  
**(As Amended May 7, 1981)**

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**BYLAWS**  
**OF**  
**CREDIT UNION NATIONAL ASSOCIATION, INC.**  
**(As Amended September 21, 1996)**

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**(Adopted May 14, 1970)**

**ARTICLES OF INCORPORATION  
OF  
CREDIT UNION NATIONAL ASSOCIATION, INC.  
(As Amended May 7, 1981)**

We, the undersigned natural persons of the age of 21 years or more, acting as incorporators of a corporation under the Wisconsin Nonstock Corporation Law (Chapter 181 of the Wisconsin Statutes) adopt the following Articles of Incorporation for such corporation:

**Article 1.** The name of the corporation shall be CREDIT UNION NATIONAL ASSOCIATION, INC.

**Article 2.** The period of existence of the corporation shall be perpetual.

**Article 3.** The purpose of the corporation shall be to engage in any lawful activity within the purposes for which corporations may be organized under Chapter 181 of the Wisconsin Statutes.

**Article 4.** The principal office of the corporation shall be located at 1617 Sherman Avenue, Madison, Wisconsin.

**Article 5.** The name of the initial registered agent of the corporation is J. Orrin Shipe.

**Article 6.** The address of the initial registered agent of the corporation is 1617 Sherman Avenue, Madison, Wisconsin.

**Article 7.** The number of directors of the corporation may be fixed by bylaw but shall not be less than three (3).

**Article 8.** The number of directors constituting the initial board of the corporation shall be 260.

**Article 9.** The corporation may have one or more classes of members and the designation of the class or classes and the qualifications and rights of the members of each class shall be provided in the bylaws.

**Article 10.** The right of any member or class or classes of members to vote may be limited, enlarged or denied to the extent specified in the bylaws.

**Article 11.** Members may be expelled or withdraw in the manner provided in the bylaws.

**Article 12.** The manner of the election or appointment of directors of the corporation shall be provided in the bylaws.

**Article 13.** These Articles may be amended in the manner authorized by law at the time of amendment.

**Article 14.** The Board of Directors shall have the power to select from its own number an executive committee in the manner and form as provided for by the bylaws of the corporation and assign and delegate to such executive committee all such power as may be necessary to carry out and perform the purposes of this corporation and all such actions as may be required to be taken in the interests of the corporation and the conduct of its business.

**Article 15.** The names and addresses of the initial directors of the corporation are as follows: (Names of Directors Inserted)

**Article 16.** The names and addresses of the incorporators of this corporation are as follows: (Names of Incorporators Inserted)

These Articles are hereby executed in duplicate this 14th day of May, 1970.

(Under Wisconsin law, a corporation may change its principal office and registered agent without amending the Articles of Incorporation. This corporation has made such changes without amending the Articles of Incorporation.)

**BYLAWS OF CREDIT UNION NATIONAL ASSOCIATION, INC.**

(As Amended September 21, 1996)

**ARTICLE I**

**PURPOSE AND DEFINITIONS**

**SECTION 1.1 PURPOSE**

The purpose of this corporation is to promote the common interests of leagues and credit unions in such manner as determined by the CUNA Delegates and the Board of Directors.

**SECTION 1.2 DEFINITIONS**

As used in these bylaws, unless the context otherwise requires, the term:

- (a) "Credit Union" means any cooperative credit organization operating in the manner of credit unions as determined by the CUNA Delegates. "Corporate credit union" means any credit union that is operated primarily for the purpose of serving other credit unions.
- (b) "From" a member, with respect to a CUNA Delegate or a CUNA director, refers to an individual who is an elected or appointed official or employee of the member. A Class A, B or C CUNA director must be from a credit union in the group that is eligible to elect him. A Class D CUNA director must be from a league in the group that is eligible to elect him.
- (c) "Geographic area of the United States" includes the geographic areas of the states of the United States, the District of Columbia, and the several territories and possessions of the United States and the Commonwealth of Puerto Rico.
- (d) "League" means a membership organization primarily for credit unions whose geographic area is approved or established by the Board of Directors of this corporation at the time the application for membership is accepted under Section 2.2 of Article II, provided that each such geographic area shall be entirely within the geographic area of the United States and shall not overlap the geographic area of any other member league of this corporation. To qualify as such, a league must accept and retain in membership only such credit unions as are located within its geographic area; except that a league may retain in membership any credit union that has been a member of the league continuously since May 15, 1954, and any credit union that was located within the league's geographic area at the time it became a member of the league. Each of a member league's member credit unions is also automatically a member of this corporation, except that no corporate credit union shall be a member of this corporation.
- (e) "Located" means, with respect to a credit union, the geographic area in which the principal office specified in its charter is found.
- (f) "Meeting" means an official occasion for the transaction of business in a deliberative fashion. A meeting may take the form of a gathering in one room or area, a telephone conference call, or any other setting or mode of communication that affords participants the opportunity to contemporaneously exchange ideas.
- (g) "Notice" means a communication in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier; if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television, or other form of public broadcast communication. Oral notice is deemed given when communicated. Notice by mail is deemed given upon deposit in the U.S. mail if mailed postpaid to the last known address of the recipient. All other personal notice is deemed given upon initiation by a generally accepted method of communication in a manner reasonably calculated to reach the recipient at least as fast as the U.S. mail.

## ARTICLE II

### MEMBERSHIP

#### SECTION 2.1 ELIGIBILITY

Eligibility for membership in this corporation shall be limited to (1) leagues, the geographic areas of which are entirely within the geographic area of the United States, and (2) credit unions other than corporate credit unions that are members of member leagues, and (3) credit unions located within the geographic area of the United States but outside the geographic area of member leagues, and (4) credit unions organized and operating under the jurisdiction of the National Credit Union Administration which are serving American military and civilian personnel at overseas installations.

#### SECTION 2.2 APPLICATION BY A LEAGUE

Application for membership in this corporation by leagues shall be made to the Board of Directors in writing; shall contain an acceptance and an agreement to abide by the bylaws of this corporation and the bylaws of the district to which assigned; shall have been made pursuant to a resolution adopted by a majority of the board of directors of the league; and shall be accompanied by a copy of the constitution and bylaws of the league which shall be acceptable to the Board of Directors of this corporation. If the application is approved by a majority of the Board of Directors of this corporation, the league shall, upon payment of dues hereinafter provided for, become a member of this corporation.

#### SECTION 2.3 APPLICATION BY THE INDIVIDUAL CREDIT UNION

An individual credit union that is a member of a member league of this corporation is automatically a member of this corporation, except that no corporate credit union shall be a member of this corporation. An individual credit union that is located within the geographic area of the United States, but outside the geographic area of member leagues, or an individual credit union organized and operating under the jurisdiction of the National Credit Union Administration which is serving American military and civilian personnel at overseas installations may file an application for membership with the Board of Directors. The application of such an individual credit union shall be in the form provided by this corporation.

#### SECTION 2.4 WITHDRAWAL

A member may withdraw at any time, except that for purposes of dues liability, no withdrawal shall become effective until the end of the year in which the withdrawal occurs. A credit union that withdraws from membership in a member league also automatically withdraws from membership in this corporation. Where a league has withdrawn from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league.

The withdrawal of a member shall in every case include the withdrawal and termination of office of the voting representative and of the CUNA Delegate representing said member. The withdrawal shall also include the withdrawal and termination of office as CUNA director and ex officio CUNA Delegate of any CUNA director from such a member who is serving in those capacities at the time of withdrawal.

Dues for the year in which a withdrawal occurs are payable in full regardless of the cause of such withdrawal.

#### SECTION 2.5 EXPULSION

A member may be expelled from this corporation by a four-fifths vote at any annual general meeting or special meeting called for the purpose, but only for cause and after a hearing. Where a league has been expelled from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league. The expulsion of a member shall in every case include the withdrawal and termination of office of the voting representative and CUNA Delegate representing said member. The expulsion shall also include the withdrawal and termination of office as CUNA director and ex officio CUNA Delegate of any CUNA director from such a member who is serving in those capacities at the time of expulsion.

#### SECTION 2.6 EXAMINATION AND INSPECTION

The books, records and files of each member league shall at all times be open to inspection and examination by this corporation when such inspection and examination have been authorized by the Board of Directors.

## ARTICLE III

### ADMINISTRATION

#### SECTION 3.1 POWERS

The powers, affairs, and property of this corporation shall be exercised, conducted, controlled and managed by the CUNA Delegates, Board of Directors and Executive Committee, as specified in these bylaws.

### CUNA DELEGATES

#### SECTION 3.2 ELECTIONS OR APPOINTMENT AND ELIGIBILITY

##### (a) CUNA Delegates

Each member of this corporation shall be entitled to be represented by a CUNA Delegate. A CUNA Delegate may not be seated, vote or otherwise participate in any annual general or special meeting if the dues of the member he represents are delinquent under Article VI, Section 6.3, unless special permission is granted by the CUNA Delegates in session at such meeting.

Each member shall have the right, by means of annual elections or otherwise, to select its CUNA Delegate, provided that each CUNA Delegate must be from the member he represents. This corporation does not permit voting by proxy. No paid employee of this corporation may serve as a CUNA Delegate.

Each member of the Board who is not a CUNA Delegate shall be an ex officio CUNA Delegate without vote.

##### (b) Honorary CUNA Delegates

All past presidents of this corporation whose term of office expired on or before May 13, 1977, all past chairmen of the Board of this corporation and all past presidents of CUNA International, Inc. (now known as World Council of Credit Unions, Inc.) who served as presidents of such corporation prior to May, 1970, shall, as long as they maintain membership in a member credit union, be honorary CUNA Delegates with all the rights and privileges of CUNA Delegates other than the right to vote. The chairman of the Association of Credit Union League Executives (ACULE), a voluntary association of chief operating executive officers, shall also be an honorary CUNA Delegate with all rights and privileges of a CUNA Delegate other than the right to vote.

#### SECTION 3.3 REPRESENTATIVES OF MEMBERS

The persons designated as CUNA Delegates under the provisions of this Article shall also be deemed to be representatives of the members, and all meetings and actions of the CUNA Delegates held and promulgated under the provisions of this Article shall be deemed to be the meetings and actions of the representatives.

#### SECTION 3.4 THE ANNUAL GENERAL MEETING OF THE CUNA DELEGATES

The annual general meeting of the CUNA Delegates shall convene at such time and place in each year as the Board of Directors may determine, at the home office of the corporation or at such other place as the Board of Directors may designate. Notice of the annual general meeting of the CUNA Delegates shall be given to each member of this corporation at least thirty (30) days before the date of the meeting, which notice shall designate the date, place and hour of the meeting. The purpose of the annual general meeting is to receive reports of officers, receive special reports, act on matters such as determination of dues and amendment of bylaws, act on recommendations to the Board of Directors and originate proposals related to dues or bylaw amendments. The voting procedures established by the Board of Directors shall permit members to vote on matters such as determination of dues and amendment of bylaws in a manner other than in person at a meeting. Alternative ways of voting may include voting by mail or by electronic ballot. See Article VII, Section 7.1 for additional provisions on amending these bylaws.

#### SECTION 3.5 SPECIAL MEETINGS OF THE CUNA DELEGATES

The chairman of the Board shall call a special meeting of the CUNA Delegates on the request of the Board of Directors, or upon the request in writing from five percent (5%) or more of the members. The purpose of a special meeting shall be clearly contained in the call for the meeting, and the business of the meeting

shall be confined to that purpose. Notice of special meetings shall be given at least twenty (20) days before the date of the meeting.

### **SECTION 3.6 QUORUM**

At all meetings of the CUNA Delegates one hundred (100) members shall constitute a quorum.

## **BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND ELECTED OFFICERS**

### **SECTION 3.7 PERSONNEL AND METHOD OF ELECTION**

(a) For the purpose of electing the twenty-four (24) voting CUNA directors, the members wherever located shall be divided into six (6) districts numbered one (1) through six (6), the boundaries of which shall be set by the CUNA Delegates in 1996 and which shall then so remain set until changed by the Board of Directors in accordance with this section. The Board of Directors shall review the district boundaries no later than 2001 and not less frequently than every five (5) years after that review to ensure that each district represents a similar number of natural person members of credit unions.

Four (4) CUNA directors shall be elected from each district. Three (3) from each district shall be elected by and from each of three (3) credit union size groups and shall be designated as Class A, Class B or Class C. The Board of Directors shall establish the size groups based on the number of natural person members of credit unions so that each size group represents approximately one third of the total number of natural person members. The Board shall review the three (3) size groups no later than 2001 and not less frequently than every five (5) years after that review to ensure that each size group represents a similar number of natural person members of credit unions. One (1) CUNA director from each district shall be a league president who is elected by the member leagues of the district and shall be designated as Class D. The one vote each member credit union has may be cast only for the CUNA director position to be elected by member credit unions in its size group located in its district. The one vote each member league has may be cast only for the CUNA director position to be elected by member leagues in its district.

The president of this corporation, the chairman of ACULE and the president of CUNA Mutual Insurance Society shall be members ex officio of the Board of Directors without vote.

No more than two (2) of the voting CUNA directors shall be from members located in any one (1) state. No individual may hold more than one (1) CUNA director position. Any individual who is elected as a CUNA director but is not a CUNA Delegate shall be an ex officio CUNA Delegate, without vote.

The election of CUNA directors shall be by virtue of secret ballot, and the election procedures and the vote required shall be determined by the Board of Directors. The election procedures shall permit members to vote in elections in a manner other than in person at a meeting.

(b) The members in each district as created under these bylaws may organize, conduct meetings and adopt bylaws or other rules of procedure, provided, however, that such shall at no time conflict with the articles of incorporation, bylaws, Standing Rules or election procedures approved and adopted by this corporation. In each year that the term of office of the CUNA director elected by the leagues within a district expires, the leagues shall elect a CUNA director to serve a three-year term of office in accordance with this Article; the election shall be in accordance with an election procedure established by the Board of Directors.

In each year that the term of office of one of the CUNA directors elected by the credit unions of a size group within a district expires, the credit unions shall elect a CUNA director to serve a three-year term of office in accordance with this Article; the election shall be in accordance with an election procedure established by the Board of Directors.

(c) A vacancy in the office of a CUNA director shall result from death or resignation, or from expiration of a CUNA director's term of office without election of a successor. A vacancy shall also immediately result whenever a CUNA director who is a league president ceases to be a league president of a

league within the district or when a Class A, B or C CUNA director ceases to be from a credit union in the size group and district eligible that elected him. A Class A, B or C CUNA director's position does not become vacant solely because a change in his credit union's membership moves the credit union to a different size group. A vacancy in the office of a CUNA director may be filled by an election at a duly constituted meeting of the CUNA Board of Directors held after fourteen (14) days' written notice, and said CUNA director shall serve only until the adjournment of the next annual general meeting.

(d) At its first meeting each year that follows the annual general meeting of this corporation the Board of Directors shall elect from their own number a chairman of the Board, a vice chairman of the Board, a secretary and a treasurer. At such meeting the Board shall also elect an Executive Committee consisting of the four (4) officers and one (1) additional Board member. The president of this corporation shall be a member ex officio of the Executive Committee without vote. To facilitate continuity, communication and coordination, the Executive Committee may invite the immediate past chairman of this corporation and the chairman of ACULE to attend meetings of the Executive Committee. Each invitee shall be afforded the opportunity to observe and speak at the meeting, but may not make or second motions or vote.

### **SECTION 3.8 TERM OF OFFICE**

(a) The chairman of the board, vice chairman, secretary and treasurer shall be elected for a period of one (1) year commencing at the adjournment of the meeting at which they are elected and shall serve until their successors are elected and qualified. In the event of a vacancy in the office of vice chairman, secretary or treasurer, a successor shall be elected by the Board of Directors to serve for the unexpired term of office. In the event of a vacancy in the office of chairman of the Board, the vice chairman shall serve as chairman for the unexpired term of office.

(b) Except as otherwise provided in this paragraph, the term of office of CUNA directors shall be three (3) years and shall commence upon adjournment of the next annual general meeting of the CUNA Delegates which follows their election in their district and shall continue until adjournment of the third succeeding annual general meeting of the CUNA Delegates held thereafter. If a quorum fails to appear at a properly called annual general meeting, the time at which the meeting was scheduled shall be the time CUNA Director terms of office in that year expire and commence. No CUNA director shall serve as such for more than three (3) consecutive full three-year terms.

For purposes of terms of office, the CUNA directors of this corporation are divided into three (3) groups. The terms of one group expire at the adjournment of the annual general meeting of the CUNA Delegates in 1998 and every third year thereafter, their successors to be elected for three-year terms. The terms of another group expire at the adjournment of the annual general meeting of the CUNA Delegates in 1999 and every third year thereafter, their successors to be elected for three-year terms. The terms of another group expire at the adjournment of the annual general meeting of the CUNA Delegates in 2000 and every third year thereafter, their successors to be elected for three-year terms. Each group shall consist of eight (8) CUNA directors. The last two digits of the year in which a term expires shall be used to designate the CUNA directors in the group (for example, Class A.99 or Class D.01).

### **SECTION 3.9 POWERS**

The duties and responsibilities of the Board of Directors shall include the following:

- (a) To appoint a president whenever a vacancy occurs, who shall be answerable to and serve at the pleasure of the Board of Directors. The tenure of the president shall be of indefinite duration and shall continue until he is removed or the office is vacated for any reason.
- (b) To receive and act upon all applications for membership in this corporation.
- (c) To select the depository for the funds of the corporation and to determine the manner of withdrawal of the same.
- (d) To establish the compensation of the president, to ratify union agreements; and to approve guidelines for rates of compensation and fringe benefits for all employees of the corporation.

- (e) To approve the annual budget.
- (f) To establish voting and election procedures; to propose amendments to the articles of incorporation, bylaws and Standing Rules to the CUNA Delegates.
- (g) To borrow money.
- (h) To mortgage real property owned by this corporation.
- (i) To employ such auditors as are necessary to make an audit or audits of all accounts of the corporation, including the departmental activities of the corporation.
- (j) To authorize such inspection or examination of the books, records and files of a member league as it may deem necessary.
- (k) To appoint an assistant secretary and an assistant treasurer.
- (l) To establish a national coordinating council consisting of the chief elected official and the chief executive officer of those national credit union service organizations as the Board of Directors shall deem appropriate. The purposes of the national coordinating council shall include facilitation of inter-organizational communication and coordination.

**SECTION 3.10 MEETINGS**

A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual general meeting of the CUNA Delegates, and each adjourned session thereof. The Board of Directors may provide, by resolution, the time and place either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution. The chairman may call a special meeting of the Board by giving at least seven (7) days advance notice. The Executive Committee shall meet as often as the chairman of the Board or a majority of the committee deems necessary. The members of the Board of Directors and of the Executive Committee shall be reimbursed to the extent of the expense involved in attending their respective meetings. When required, the secretary shall give, or cause to be given, the notice of each meeting of the Board of Directors and of the Executive Committee at least seven (7) days prior thereto. Notwithstanding the general requirement for seven (7) days advance notice of a meeting, a telephone conference meeting may be held upon shorter notice provided that each person eligible to participate in the meeting is given notice at least seventy-two (72) hours before the meeting in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless instantaneous communication.

**SECTION 3.11 QUORUM**

Fifty (50) percent of the voting membership of the Board of Directors shall constitute a quorum at all meetings. Fifty (50) percent of the voting membership of the Executive Committee shall constitute a quorum at all meetings.

**SECTION 3.12 DUTIES OF THE ELECTED OFFICERS AND EXECUTIVES**

- (a) The Chairman of the Board

The chairman of the Board of Directors shall also serve as chairman of the CUNA Delegates and the Executive Committee. He shall preside over all meetings of the CUNA Delegates, the Board of Directors, and of the Executive Committee and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The chairman shall have authority to refer resolutions and directives from the CUNA Delegates, the Board of Directors and the Executive Committee to proper committees, refer requests from members to proper committees and interpret motions of the CUNA Delegates, the Board of Directors and the Executive Committee.



**(b) The Vice Chairman**

The vice chairman of the Board shall serve as vice chairman of the CUNA Delegates and the Executive Committee and shall act as chairman in the absence or disability of the chairman. He shall perform such other duties as may be assigned to him by the Board of Directors.

**(c) The Secretary**

The secretary shall, with the chairman or other designated officer, countersign all deeds, leases and conveyances executed by this corporation, keep or cause to be kept a complete and accurate record of all the meetings of the CUNA Delegates, the Board of Directors and the Executive Committee, safely and systematically keep or cause to be kept all papers, records and documents belonging to the corporation or in any wise pertaining to the business thereof, and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The secretary shall also give, or cause to be given, the notice of all meetings.

**(d) The Treasurer**

The treasurer shall cause to be kept and accounted for all moneys, credit and property of the corporation of any kind and every nature which shall come into its possession, and keep or cause to be kept an accurate account of all money received and disbursed, and proper vouchers for money so disbursed. He shall require that the funds of the corporation be collected and disbursed in the manner prescribed by the Board of Directors or the Executive Committee. He shall keep or cause to be kept all funds in a financial institution or institutions approved by the Board of Directors or the Executive Committee and in the name of the corporation, subject to withdrawals in such a manner as may be directed by the Board of Directors or the Executive Committee. The treasurer shall render or cause to be rendered such accounts, statements and inventories of moneys received and disbursed, and of money and property in hand, and generally of all matters pertaining to his office as shall be required by the Board of Directors, the Executive Committee and the Audit Committee. He shall cooperate with any officers or committees who are in charge of the raising of revenue for the corporation. He shall serve as chairman of the Audit Committee. He shall perform such duties as may be assigned to him by the Board of Directors and the Executive Committee.

**(e) Assistant Treasurer**

The assistant treasurer shall, under the general supervision of the treasurer, assist the treasurer in the performance of his duties and functions; the assistant treasurer shall also have full power and authority to act for and in place of and instead of the treasurer at such time as the treasurer is absent from the principal office of the corporation.

**(f) President**

The president shall be the chief executive officer of the corporation under the direction of the Board of Directors and the Executive Committee; shall appoint such executive vice presidents and such other staff vice presidents and other personnel as may be necessary; shall establish rates of compensation and fringe benefits within guidelines approved by the Executive Committee; shall consult frequently with the Executive Committee; shall report not less frequently than annually in writing to the Board of Directors and shall carry out faithfully the purposes of the Board of Directors and the Executive Committee.

**(g) Executive Committee**

When the Board of Directors is not in session, the Executive Committee shall have and exercise the powers of the Board of Directors, except that the Executive Committee shall not have authority to elect officers of this corporation, fill vacancies on the Board of Directors or Executive Committee or exercise any other board power that the board reserves to itself. All lawful acts of the Executive Committee shall be effective for all purposes as the act or authorization of the Board of Directors.

**SECTION 3.13 BONDS OF OFFICERS AND EMPLOYEES**

The Board of Directors shall bond the treasurer and any other officer or employee of the corporation it deems necessary, in such manner and amount as it shall prescribe.

**SECTION 3.14 INDEMNIFICATION**

(a) As used in this section, unless the context otherwise requires, the term:

1. "Indemnitee" means any of the following:
  - a. A natural person who is a CUNA Delegate, CUNA director, officer, employee, agent, or committee member of this corporation.
  - b. A natural person who, while a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving at this corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.
  - c. A natural person who, while a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving an employee benefit plan because his or her duties to this corporation also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.
  - d. Unless the context requires otherwise, the estate or personal representative of a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation.
2. "Expenses" include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.
3. "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses.
4. "Party" means a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.
5. "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of this corporation or by any other person.

(b) This corporation shall indemnify an indemnitee to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the indemnitee was a party because he or she is an indemnitee as defined in subsection (a)1 above.

(c) In cases where an indemnitee has not been successful on the merits or otherwise in the defense of a proceeding to which the indemnitee was a party because he or she is an indemnitee as defined in subsection (a) 1 above, this corporation shall indemnify the indemnitee against liability incurred by the indemnitee in the proceeding unless liability was incurred because the indemnitee breached or failed to perform a duty he or she owes to this corporation and the breach or failure to perform constitutes any of the following:

1. A wilful failure to deal fairly with this corporation or its members in connection with a matter in which the indemnitee has a material conflict of interest.
2. A violation of criminal law, unless the indemnitee had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.
3. A transaction from which the indemnitee derived an improper personal profit.
4. Wilful misconduct.

(d) Determination of whether indemnification is required under this section shall be made by either one of the following means:

1. By majority vote of a quorum of the board of directors consisting of CUNA directors not at the time parties to the same or related proceedings. If a quorum of disinterested CUNA directors cannot be obtained, the determination shall be made by majority vote of a committee duly appointed by the board of directors and consisting solely of two or more CUNA directors not at the time parties to the same or related proceedings. CUNA directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

2. By independent legal counsel selected by a quorum of the board of directors or its committee in the manner prescribed in subsection (d)1 above, or, if unable to obtain such a quorum or committee, by a majority vote of the full board of directors, including CUNA directors who are parties to the same or related proceedings.

(e) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the indemnitee is not required under this section.

(f) An indemnitee who seeks indemnification under this section shall make a written request to this corporation.

(g) Indemnification under this section is not required if the indemnitee has previously received indemnification or allowance of expenses from any person, including this corporation, in connection with the same proceeding.

(h) Upon written request by an indemnitee who is a party to a proceeding, this corporation may pay or reimburse his or her reasonable expenses as incurred if the indemnitee provides the corporation with all of the following:

1. A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

2. A written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by this corporation, to pay reasonable interest on the allowance to the extent it is ultimately determined that indemnification is not required. The undertaking under this subsection shall be an unlimited general obligation of the indemnitee and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

(i) Unless the indemnitee has knowledge that makes reliance unwarranted, an indemnitee, in discharging his or her duties to the corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

1. An officer or employee of this corporation whom the indemnitee believes in good faith to be reliable and competent in the matters presented.

2. Legal counsel, public accountants or other persons as to matters the indemnitee believes in good faith are within the person's professional or expert competence.

3. A committee of this corporation of which the indemnitee is not a member if the indemnitee believes in good faith that the committee merits confidence.

#### ARTICLE IV

#### INTERNATIONAL

#### SECTION 4.1 FOUNDERS AND RECOGNITION OF THEIR CONTRIBUTION TO GLOBAL CREDIT UNION MOVEMENT

In recognition of the fact that Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene are the founders of the worldwide cooperative, thrift and credit movement, and in order that there might be a

sustained development of cooperative credit throughout the world--in free acknowledgement of the unique debt which we and succeeding generations of credit union members owe and will always owe to them; we make a part of these our bylaws this acknowledgement--and we designate them Founders of the world credit union movement.

#### **SECTION 4.2 INTERNATIONAL CREDIT UNION WEEK**

In honor of Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene, this corporation shall observe International Credit Union Week as designated by the World Council of Credit Unions, Inc. During this week, there shall be appropriate widespread publicity in the form of all possible observance meetings and activities of credit union organizations.

#### **SECTION 4.3 WORLD COUNCIL REPRESENTATION**

Delegates and alternate delegates of this corporation to World Council of Credit Unions, Inc. shall be elected as provided in this section.

All delegates and alternate delegate(s) to the World Council of Credit Unions, Inc. shall be elected by the Board of Directors to serve a term of office specified by the Board of Directors, but not to exceed two (2) years.

The Board of Directors shall determine which of the persons who serve as delegates shall constitute the persons designated by this corporation as members of the Executive Committee of the World Council of Credit Unions, Inc. and shall determine their term of office.

### **ARTICLE V**

#### **EMBLEM**

#### **SECTION 5.1 OFFICIAL EMBLEM OR EMBLEMS**

There shall be such official emblem or emblems of this corporation as may be designated by the Board of Directors.

### **ARTICLE VI**

#### **FINANCE**

#### **SECTION 6.1 SOURCES OF FINANCIAL SUPPORT**

This corporation shall be supported by (a) dues assessed and collected in the manner provided by the CUNA Delegates and in accordance with these bylaws; (b) payments received for services rendered or goods provided; and (c) such grants, gifts, and bequests as are received by the corporation, but no grants, gifts or bequests may be accepted from any source other than the World Council of Credit Unions, Inc. without the approval of the Board of Directors or Executive Committee.

#### **SECTION 6.2 PROVISION FOR A SURPLUS**

Each year, an amount equal to at least two and one-half (2½) percent of the dues income shall be set aside as a surplus, which said surplus may be used only in the way and manner determined by a two-thirds vote of the Board of Directors.

#### **SECTION 6.3 DETERMINATION OF DUES**

The dues to be paid by the member credit unions of this corporation shall be fixed by the CUNA Delegates. The dues payable by credit unions shall consist of two components: a specified amount per natural person member and a specified amount per one thousand dollars (\$1,000.00) of assets. However, the maximum dues payable by any credit union shall be one percent (1%) of the total dues paid to this corporation by all members in the preceding year. In addition, the dues payable by any credit union chartered before and continuously affiliated since January 1, 1993 shall never be subject to an annual increase of more than ten percent (10%). Dues shall be payable at 100% of the amount determined under this section by all credit unions that were members as of the end of the previous year and remain members during the current year. Dues shall be payable by all credit unions that were not members in the previous year and become members during the current year as follows: for those that become members before the last day of February, 100% of

the amount determined under this section; for those that become members on or after March 1 but before May 1, 75%; for those that become members on or after May 1 but before October 1, 50%; and for those that become members on or after October 1, 25%. The date to be used for determining the number of natural person members of credit unions and assets shall be the thirtieth day of June of the previous year. A report of the total number of natural person members and assets as determined above shall be made to this corporation on or before May 1. To determine which size group a credit union is in, this corporation shall use the reports described in the immediately preceding sentence. All dues payable by a credit union that is a member of a member league shall be collected from the credit union by the league in a manner determined by the league and shall be due and payable by the league to this corporation as follows:

- **March 1:** deadline for payment of one quarter of the amount reasonably estimated to be payable for the entire year
- **May 1:** deadline for cumulative payment of one half of the amount payable for the year based on the report to this corporation
- **July 1:** deadline for cumulative payment of three quarters of the amount payable for the year
- **September 1:** deadline for payment of balance of the amount payable for the year except for members that join this corporation later.

Dues payable by members other than credit unions that are members of member leagues shall be paid directly to this corporation by March 1. Dues not paid on the dates required by this section shall become and remain delinquent until paid.

A member shall be considered to have withdrawn under Section 2.4 of Article II if any dues installment of such member is not paid on or before the date on which such installment is due and payable (including any changed date on which due and payable under this paragraph), and the effective date of such withdrawal shall be the date (or changed date) on which such installment was due and payable; provided that the date on which any dues installment is due and payable by a member (including a changed date on which due and payable under this paragraph) may be changed by the CUNA Delegates or the Board of Directors to a later date.

Notwithstanding the general dues requirement, this corporation shall waive the dues payable by any member credit union for a specific period of time upon written certification by the league that the league has waived league dues payable by the credit union for the same period of time due to financial hardship.

#### **SECTION 6.4 BUDGET**

The Board of Directors shall adopt a budget for the fiscal year. The Executive Committee shall have authority to make adjustments in the budgeted items by transferring amounts from one item to another within the amounts budgeted as it may deem beneficial to the corporation.

#### **SECTION 6.5 THE FISCAL YEAR**

The fiscal year of the corporation shall end on the last day of December of each year.

#### **SECTION 6.6 AUDIT COMMITTEE**

The Board of Directors shall elect by and from their own number an Audit Committee consisting of the treasurer and five (5) other members; provided that, no member of the Audit Committee other than the treasurer shall be a member of the Executive Committee of this corporation. The treasurer shall serve as chairman of the Audit Committee. The Audit Committee members shall be elected for a term of one (1) year and until their successors have been elected or otherwise designated.

Any vacancy on the Audit Committee (except a vacancy in the office of CUNA treasurer) shall be filled through appointment by the chairman of the Board of Directors. The books and records of accounts shall be audited at least annually by a licensed certified public accountant selected by the Audit Committee, and a report of such audit shall be submitted to the Board of Directors.

**ARTICLE VII**

**AMENDMENTS**

**SECTION 7.1 PROCEDURE IN MAKING AMENDMENTS**

These bylaws may be amended, altered, or repealed by a two-thirds vote of the votes cast by the membership in accordance with a voting procedure adopted by the Board of Directors. There shall be action on any amendment which has been proposed by the CUNA Delegates at an annual general or special meeting, by the Board of Directors or by five percent (5%) of the members.

**ADDENDUM**

The following provisions shall govern the transition to the new arrangements for membership in and governance of this corporation as adopted at the 1996 annual general meeting:

1. The new membership and dues provisions shall take effect January 1, 1997.
2. The twenty-four (24) voting members of the new Board shall be elected to staggered terms of office in 1997 to take office as of the adjournment of the 1997 annual general meeting. As of said time, all terms of office of the thirty-nine (39) members of the prior Board of Directors shall expire regardless of whether such terms of office would have expired under the bylaws that were in effect before adoption of bylaw amendments in 1996.
3. The term limit provision for CUNA directors [Article III, Section 3.8(b)] shall apply only to consecutive terms of office that begin in 1997 or thereafter.
4. The limitation of two (2) voting CUNA directors from members located in any one (1) state [Article III, Section 3.7(a)] shall apply only to CUNA directors elected to the restructured board in 1997 or thereafter.
5. The classes of the members of the restructured board and their respective terms of office shall be as follows:

Dist. 1:	A.98, B.99, C.00, D.98
Dist. 2:	A.00, B.98, C.99, D.98
Dist. 3:	A.99, B.00, C.98, D.99
Dist. 4:	A.98, B.99, C.00, D.99
Dist. 5:	A.99, B.00, C.98, D.00
Dist. 6:	A.00, B.98, C.99, D.00

# BYLAWS OF CREDIT UNION NATIONAL ASSOCIATION, INC.

(As Amended August 18, 1997)

## ARTICLE I

### PURPOSE AND DEFINITIONS

#### SECTION 1.1 PURPOSE

The purpose of this corporation is to promote the common interests of leagues and credit unions in such manner as determined by the CUNA Delegates and the Board of Directors.

#### SECTION 1.2 DEFINITIONS

As used in these bylaws, unless the context otherwise requires, the term:

(a) "Credit Union" means any cooperative credit organization operating in the manner of credit unions as determined by the CUNA Delegates. "Corporate credit union" means any credit union that is operated primarily for the purpose of serving other credit unions.

(b) "From" a member, with respect to a CUNA Delegate or a CUNA director, refers to an individual who is an elected or appointed official or employee of the member. A Class A, B or C CUNA director must be from a credit union in the group that is eligible to elect him. A Class D CUNA director must be from a league in the group that is eligible to elect him.

(c) "Geographic area of the United States" includes the geographic areas of the states of the United States, the District of Columbia, and the several territories and possessions of the United States and the Commonwealth of Puerto Rico.

(d) "League" means a membership organization primarily for credit unions whose geographic area is approved or established by the Board of Directors of this corporation at the time the application for membership is accepted under Section 2.2 of Article II, provided that each such geographic area shall be entirely within the geographic area of the United States and shall not overlap the geographic area of any other member league of this corporation. To qualify as such, a league must accept and retain in membership only such credit unions as are located within its geographic area; except that a league may retain in membership any credit union that has been a member of the league continuously since May 15, 1954, and any credit union that was located within the league's geographic area at the time it became a member of the league. Each of a member league's member credit unions is also automatically a member of this corporation, except that no corporate credit union shall be a member of this corporation.

(e) "Located" means, with respect to a credit union, the geographic area in which the principal office specified in its charter is found.

(f) "Meeting" means an official occasion for the transaction of business in a deliberative fashion. A meeting may take the form of a gathering in one room or area, a telephone conference call, or any other setting or mode of communication that affords participants the opportunity to contemporaneously exchange ideas.

(g) "Notice" means a communication in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier; if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television, or other form of public broadcast communication. Oral notice is deemed given when communicated. Notice by mail is deemed given upon deposit in the U.S. mail if mailed postpaid to the last known address of the recipient. All other personal notice is deemed given upon initiation by a generally accepted method of communication in a manner reasonably calculated to reach the recipient at least as fast as the U.S. mail.

**ARTICLE II**  
**MEMBERSHIP**

**SECTION 2.1**    **ELIGIBILITY**

Eligibility for membership in this corporation shall be limited to (1) leagues, the geographic areas of which are entirely within the geographic area of the United States, and (2) credit unions other than corporate credit unions that are members of member leagues, and (3) credit unions located within the geographic area of the United States but outside the geographic area of member leagues, and (4) credit unions organized and operating under the jurisdiction of the National Credit Union Administration which are serving American military and civilian personnel at overseas installations.

**SECTION 2.2**    **APPLICATION BY A LEAGUE**

Application for membership in this corporation by leagues shall be made to the Board of Directors in writing; shall contain an acceptance and an agreement to abide by the bylaws of this corporation and the bylaws of the district to which assigned; shall have been made pursuant to a resolution adopted by a majority of the board of directors of the league; and shall be accompanied by a copy of the constitution and bylaws of the league which shall be acceptable to the Board of Directors of this corporation. If the application is approved by a majority of the Board of Directors of this corporation, the league shall, upon payment of dues hereinafter provided for, become a member of this corporation.

**SECTION 2.3**    **APPLICATION BY THE INDIVIDUAL CREDIT UNION**

An individual credit union that is a member of a member league of this corporation is automatically a member of this corporation, except that no corporate credit union shall be a member of this corporation. An individual credit union that is located within the geographic area of the United States, but outside the geographic area of member leagues, or an individual credit union organized and operating under the jurisdiction of the National Credit Union Administration which is serving American military and civilian personnel at overseas installations may file an application for membership with the Board of Directors. The application of such an individual credit union shall be in the form provided by this corporation.

**SECTION 2.4**    **WITHDRAWAL**

A member may withdraw at any time, except that for purposes of dues liability, no withdrawal shall become effective until the end of the year in which the withdrawal occurs. A credit union that withdraws from membership in a member league also automatically withdraws from membership in this corporation. Where a league has withdrawn from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league.

The withdrawal of a member shall in every case include the withdrawal and termination of office of the voting representative and of the CUNA Delegate representing said member. The withdrawal shall also include the withdrawal and termination of office as CUNA director and ex officio CUNA Delegate of any CUNA director from such a member who is serving in those capacities at the time of withdrawal.

Dues for the year in which a withdrawal occurs are payable in full regardless of the cause of such withdrawal.

**SECTION 2.5**    **EXPULSION**

A member may be expelled from this corporation by a four-fifths vote at any annual general meeting or special meeting called for the purpose, but only for cause and after a hearing. Where a league has been expelled from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league. The expulsion of a member shall in every case include the withdrawal and termination of office of the voting representative and CUNA Delegate representing said member. The expulsion shall also include the withdrawal and termination of office as CUNA director and ex officio CUNA Delegate of any CUNA director from such a member who is serving in those capacities at the time of expulsion.



## **SECTION 2.6 EXAMINATION AND INSPECTION**

The books, records and files of each member league shall at all times be open to inspection and examination by this corporation when such inspection and examination have been authorized by the Board of Directors.

## **ARTICLE III**

### **ADMINISTRATION**

#### **SECTION 3.1 POWERS**

The powers, affairs, and property of this corporation shall be exercised, conducted, controlled and managed by the CUNA Delegates, Board of Directors and Executive Committee, as specified in these bylaws.

### **CUNA DELEGATES**

#### **SECTION 3.2 ELECTIONS OR APPOINTMENT AND ELIGIBILITY**

##### **(a) CUNA Delegates**

Each member of this corporation shall be entitled to be represented by a CUNA Delegate. A CUNA Delegate may not be seated, vote or otherwise participate in any annual general or special meeting if the dues of the member he represents are delinquent under Article VI, Section 6.3, unless special permission is granted by the CUNA Delegates in session at such meeting.

Each member shall have the right, by means of annual elections or otherwise, to select its CUNA Delegate, provided that each CUNA Delegate must be from the member he represents. This corporation does not permit voting by proxy. No paid employee of this corporation may serve as a CUNA Delegate.

Each member of the Board who is not a CUNA Delegate shall be an ex officio CUNA Delegate without vote.

##### **(b) Honorary CUNA Delegates**

All past presidents of this corporation whose term of office expired on or before May 13, 1977, all past chairmen of the Board of this corporation and all past presidents of CUNA International, Inc. (now known as World Council of Credit Unions, Inc.) who served as presidents of such corporation prior to May, 1970, shall, as long as they maintain membership in a member credit union, be honorary CUNA Delegates with all the rights and privileges of CUNA Delegates other than the right to vote. The chairman of the Association of Credit Union League Executives (ACULE), a voluntary association of chief operating executive officers, shall also be an honorary CUNA Delegate with all rights and privileges of a CUNA Delegate other than the right to vote.

#### **SECTION 3.3 REPRESENTATIVES OF MEMBERS**

The persons designated as CUNA Delegates under the provisions of this Article shall also be deemed to be representatives of the members, and all meetings and actions of the CUNA Delegates held and promulgated under the provisions of this Article shall be deemed to be the meetings and actions of the representatives.

#### **SECTION 3.4 THE ANNUAL GENERAL MEETING OF THE CUNA DELEGATES**

The annual general meeting of the CUNA Delegates shall convene at such time and place in each year as the Board of Directors may determine, at the home office of the corporation or at such other place as the Board of Directors may designate. Notice of the annual general meeting of the CUNA Delegates shall be given to each member of this corporation at least thirty (30) days before the date of the meeting, which notice shall designate the date, place and hour of the meeting. The purpose of the annual general meeting is to receive reports of officers, receive special reports, act on matters such as determination of dues and amendment of bylaws, act on recommendations to the Board of Directors and originate proposals related to dues or bylaw amendments. The voting procedures established by the Board of Directors shall permit members to vote on matters such as determination of dues and amendment of bylaws

in a manner other than in person at a meeting. Alternative ways of voting may include voting by mail or by electronic ballot. See Article VII, Section 7.1 for additional provisions on amending these bylaws.

**SECTION 3.5 SPECIAL MEETINGS OF THE CUNA DELEGATES**

The chairman of the Board shall call a special meeting of the CUNA Delegates on the request of the Board of Directors, or upon the request in writing from five percent (5%) or more of the members. The purpose of a special meeting shall be clearly contained in the call for the meeting, and the business of the meeting shall be confined to that purpose. Notice of special meetings shall be given at least twenty (20) days before the date of the meeting.

**SECTION 3.6 QUORUM**

At all meetings of the CUNA Delegates one hundred (100) members shall constitute a quorum.

**BOARD OF DIRECTORS, EXECUTIVE COMMITTEE  
AND ELECTED OFFICERS**

**SECTION 3.7 PERSONNEL AND METHOD OF ELECTION**

(a) For the purpose of electing the twenty-four (24) voting CUNA directors, the members wherever located shall be divided into six (6) districts numbered one (1) through six (6), the boundaries of which shall be set by the CUNA Delegates in 1996 and which shall then so remain set until changed by the Board of Directors in accordance with this section. The Board of Directors shall review the district boundaries no later than 2001 and not less frequently than every five (5) years after that review to ensure that each district represents a similar number of natural person members of credit unions.

Four (4) CUNA directors shall be elected from each district. Three (3) from each district shall be elected by and from each of three (3) credit union size groups and shall be designated as Class A, Class B or Class C. The Board of Directors shall establish the size groups based on the number of natural person members of credit unions so that each size group represents approximately one third of the total number of natural person members. The Board shall review the three (3) size groups no later than 2001 and not less frequently than every five (5) years after that review to ensure that each size group represents a similar number of natural person members of credit unions. One (1) CUNA director from each district shall be a league president who is elected by the member leagues of the district and shall be designated as Class D. The one vote each member credit union has may be cast only for the CUNA director position to be elected by member credit unions in its size group located in its district. The one vote each member league has may be cast only for the CUNA director position to be elected by member leagues in its district.

The president of this corporation, the chairman of ACULE and the president of CUNA Mutual Insurance Society shall be members ex officio of the Board of Directors without vote.

No more than two (2) of the voting CUNA directors shall be from members located in any one (1) state. No individual may hold more than one (1) CUNA director position. Any individual who is elected as a CUNA director but is not a CUNA Delegate shall be an ex officio CUNA Delegate, without vote.

The election of CUNA directors shall be by virtue of secret ballot, and the election procedures and the vote required shall be determined by the Board of Directors. The election procedures shall permit members to vote in elections in a manner other than in person at a meeting.

(b) The members in each district as created under these bylaws may organize, conduct meetings and adopt bylaws or other rules of procedure, provided, however, that such shall at no time conflict with the articles of incorporation, bylaws, Standing Rules or election procedures approved and adopted by this corporation. In each year that the term of office of the CUNA director elected by the leagues within a district expires, the leagues shall elect a CUNA director to serve a three-year term of office in accordance with this Article; the election shall be in accordance with an election procedure established by the Board of Directors.

In each year that the term of office of one of the CUNA directors elected by the credit unions of a size group within a district expires, the credit unions shall elect a CUNA director to serve a three-year term of office in accordance with this Article; the election shall be in accordance with an election procedure established by the Board of Directors.

(c) A vacancy in the office of a CUNA director shall result from death or resignation, or from expiration of a CUNA director's term of office without election of a successor. A vacancy shall also immediately result whenever a CUNA director who is a league president ceases to be a league president of a league within the district or when a Class A, B or C CUNA director ceases to be from a credit union in the size group and district eligible that elected him. A Class A, B or C CUNA director's position does not become vacant solely because a change in his credit union's membership moves the credit union to a different size group. A vacancy in the office of a CUNA director may be filled by an election at a duly constituted meeting of the CUNA Board of Directors held after fourteen (14) days' written notice, and said CUNA director shall serve only until the adjournment of the next annual general meeting.

(d) At its first meeting each year that follows the annual general meeting of this corporation the Board of Directors shall elect from their own number a chairman of the Board, a vice chairman of the Board, a secretary and a treasurer. At such meeting the Board shall also elect an Executive Committee consisting of the four (4) officers and one (1) additional Board member. The president of this corporation shall be a member ex officio of the Executive Committee without vote. To facilitate continuity, communication and coordination, the Executive Committee may invite the immediate past chairman of this corporation and the chairman of ACULE to attend meetings of the Executive Committee. Each invitee shall be afforded the opportunity to observe and speak at the meeting, but may not make or second motions or vote.

### **SECTION 3.8 TERM OF OFFICE**

(a) The chairman of the board, vice chairman, secretary and treasurer shall be elected for a period of one (1) year commencing at the adjournment of the meeting at which they are elected and shall serve until their successors are elected and qualified. In the event of a vacancy in the office of vice chairman, secretary or treasurer, a successor shall be elected by the Board of Directors to serve for the unexpired term of office. In the event of a vacancy in the office of chairman of the Board, the vice chairman shall serve as chairman for the unexpired term of office.

(b) Except as otherwise provided in this paragraph, the term of office of CUNA directors shall be three (3) years and shall commence upon adjournment of the next annual general meeting of the CUNA Delegates which follows their election in their district and shall continue until adjournment of the third succeeding annual general meeting of the CUNA Delegates held thereafter. If a quorum fails to appear at a properly called annual general meeting, the time at which the meeting was scheduled shall be the time CUNA Director terms of office in that year expire and commence. No CUNA director shall serve as such for more than three (3) consecutive full three-year terms.

For purposes of terms of office, the CUNA directors of this corporation are divided into three (3) groups. The terms of one group expire at the adjournment of the annual general meeting of the CUNA Delegates in 1998 and every third year thereafter, their successors to be elected for three-year terms. The terms of another group expire at the adjournment of the annual general meeting of the CUNA Delegates in 1999 and every third year thereafter, their successors to be elected for three-year terms. The terms of another group expire at the adjournment of the annual general meeting of the CUNA Delegates in 2000 and every third year thereafter, their successors to be elected for three-year terms. Each group shall consist of eight (8) CUNA directors. The last two digits of the year in which a term expires shall be used to designate the CUNA directors in the group (for example, Class A.99 or Class D.01).

### **SECTION 3.9 POWERS**

The duties and responsibilities of the Board of Directors shall include the following:

(a) To appoint a president whenever a vacancy occurs, who shall be answerable to and serve at the pleasure of the Board of Directors. The tenure of the president shall be of indefinite duration and shall continue until he is removed or the office is vacated for any reason.

(b) To receive and act upon all applications for membership in this corporation.

- (c) To select the depository for the funds of the corporation and to determine the manner of withdrawal of the same.
- (d) To establish the compensation of the president; to ratify union agreements; and to approve guidelines for rates of compensation and fringe benefits for all employees of the corporation.
- (e) To approve the annual budget.
- (f) To establish voting and election procedures; to propose amendments to the articles of incorporation, bylaws and Standing Rules to the CUNA Delegates.
- (g) To borrow money.
- (h) To mortgage real property owned by this corporation.
- (i) To employ such auditors as are necessary to make an audit or audits of all accounts of the corporation, including the departmental activities of the corporation.
- (j) To authorize such inspection or examination of the books, records and files of a member league as it may deem necessary.
- (k) To appoint an assistant secretary and an assistant treasurer.
- (l) To establish a national coordinating council consisting of the chief elected official and the chief executive officer of those national credit union service organizations as the Board of Directors shall deem appropriate. The purposes of the national coordinating council shall include facilitation of inter-organizational communication and coordination.

### **SECTION 3.10 MEETINGS**

A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual general meeting of the CUNA Delegates, and each adjourned session thereof. The Board of Directors may provide, by resolution, the time and place either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution. The chairman may call a special meeting of the Board by giving at least seven (7) days advance notice. The Executive Committee shall meet as often as the chairman of the Board or a majority of the committee deems necessary. The members of the Board of Directors and of the Executive Committee shall be reimbursed to the extent of the expense involved in attending their respective meetings. When required, the secretary shall give, or cause to be given, the notice of each meeting of the Board of Directors and of the Executive Committee at least seven (7) days prior thereto. Notwithstanding the general requirement for seven (7) days advance notice of a meeting, a telephone conference meeting may be held upon shorter notice provided that each person eligible to participate in the meeting is given notice at least seventy-two (72) hours before the meeting in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless instantaneous communication.

### **SECTION 3.11 QUORUM**

Fifty (50) percent of the voting membership of the Board of Directors shall constitute a quorum at all meetings. Fifty (50) percent of the voting membership of the Executive Committee shall constitute a quorum at all meetings.

### **SECTION 3.12 DUTIES OF THE ELECTED OFFICERS AND EXECUTIVES**

#### **(a) The Chairman of the Board**

The chairman of the Board of Directors shall also serve as chairman of the CUNA Delegates and the Executive Committee. He shall preside over all meetings of the CUNA Delegates, the Board of Directors, and of the Executive Committee and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The chairman shall have authority to refer resolutions and directives from the CUNA Delegates, the Board of Directors and the Executive Committee to proper committees, refer requests from members to proper committees and interpret motions of the CUNA Delegates, the Board of Directors and the Executive Committee.

**(b) The Vice Chairman**

The vice chairman of the Board shall serve as vice chairman of the CUNA Delegates and the Executive Committee and shall act as chairman in the absence or disability of the chairman. He shall perform such other duties as may be assigned to him by the Board of Directors.

**(c) The Secretary**

The secretary shall, with the chairman or other designated officer, countersign all deeds, leases and conveyances executed by this corporation, keep or cause to be kept a complete and accurate record of all the meetings of the CUNA Delegates, the Board of Directors and the Executive Committee, safely and systematically keep or cause to be kept all papers, records and documents belonging to the corporation or in any wise pertaining to the business thereof, and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The secretary shall also give, or cause to be given, the notice of all meetings.

**(d) The Treasurer**

The treasurer shall cause to be kept and accounted for all moneys, credit and property of the corporation of any kind and every nature which shall come into its possession, and keep or cause to be kept an accurate account of all money received and disbursed, and proper vouchers for money so disbursed. He shall require that the funds of the corporation be collected and disbursed in the manner prescribed by the Board of Directors or the Executive Committee. He shall keep or cause to be kept all funds in a financial institution or institutions approved by the Board of Directors or the Executive Committee and in the name of the corporation, subject to withdrawals in such a manner as may be directed by the Board of Directors or the Executive Committee. The treasurer shall render or cause to be rendered such accounts, statements and inventories of moneys received and disbursed, and of money and property in hand, and generally of all matters pertaining to his office as shall be required by the Board of Directors, the Executive Committee and the Audit Committee. He shall cooperate with any officers or committees who are in charge of the raising of revenue for the corporation. He shall perform such duties as may be assigned to him by the Board of Directors and the Executive Committee.

**(e) Assistant Treasurer**

The assistant treasurer shall, under the general supervision of the treasurer, assist the treasurer in the performance of his duties and functions; the assistant treasurer shall also have full power and authority to act for and in place of and instead of the treasurer at such time as the treasurer is absent from the principal office of the corporation.

**(f) President**

The president shall be the chief executive officer of the corporation under the direction of the Board of Directors and the Executive Committee; shall appoint such executive vice presidents and such other staff vice presidents and other personnel as may be necessary; shall establish rates of compensation and fringe benefits within guidelines approved by the Executive Committee; shall consult frequently with the Executive Committee; shall report not less frequently than annually in writing to the Board of Directors and shall carry out faithfully the purposes of the Board of Directors and the Executive Committee.

**(g) Executive Committee**

When the Board of Directors is not in session, the Executive Committee shall have and exercise the powers of the Board of Directors, except that the Executive Committee shall not have authority to elect officers of this corporation, fill vacancies on the Board of Directors or Executive Committee or exercise any other board power that the board reserves to itself. All lawful acts of the Executive Committee shall be effective for all purposes as the act or authorization of the Board of Directors.

**SECTION 3.13 BONDS OF OFFICERS AND EMPLOYEES**

The Board of Directors shall bond the treasurer and any other officer or employee of the corporation it deems necessary, in such manner and amount as it shall prescribe.

**SECTION 3.14 INDEMNIFICATION**

(a) As used in this section, unless the context otherwise requires, the term:

1. "Indemnitee" means any of the following:

a. A natural person who is a CUNA Delegate, CUNA director, officer, employee, agent, or committee member of this corporation.

b. A natural person who, while a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving at this corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

c. A natural person who, while a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving an employee benefit plan because his or her duties to this corporation also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.

d. Unless the context requires otherwise, the estate or personal representative of a CUNA Delegate, CUNA director, officer, employee, agent or committee member of this corporation.

2. "Expenses" include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.

3. "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

4. "Party" means a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

5. "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of this corporation or by any other person.

(b) This corporation shall indemnify an indemnitee to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the indemnitee was a party because he or she is an indemnitee as defined in subsection (a)1 above.

(c) In cases where an indemnitee has not been successful on the merits or otherwise in the defense of a proceeding to which the indemnitee was a party because he or she is an indemnitee as defined in subsection (a) 1 above, this corporation shall indemnify the indemnitee against liability incurred by the indemnitee in the proceeding unless liability was incurred because the indemnitee breached or failed to perform a duty he or she owes to this corporation and the breach or failure to perform constitutes any of the following:

1. A wilful failure to deal fairly with this corporation or its members in connection with a matter in which the indemnitee has a material conflict of interest.

2. A violation of criminal law, unless the indemnitee had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

3. A transaction from which the indemnitee derived an improper personal profit.

4. Wilful misconduct.

(d) Determination of whether indemnification is required under this section shall be made by either one of the following means:

1. By majority vote of a quorum of the board of directors consisting of CUNA directors not at the time parties to the same or related proceedings. If a quorum of disinterested CUNA directors cannot be obtained, the determination shall be made by majority vote of a committee duly appointed by the board of directors and

consisting solely of two or more CUNA directors not at the time parties to the same or related proceedings. CUNA directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

2. By independent legal counsel selected by a quorum of the board of directors or its committee in the manner prescribed in subsection (d)1 above, or, if unable to obtain such a quorum or committee, by a majority vote of the full board of directors, including CUNA directors who are parties to the same or related proceedings.

(e) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the indemnitee is not required under this section.

(f) An indemnitee who seeks indemnification under this section shall make a written request to this corporation.

(g) Indemnification under this section is not required if the indemnitee has previously received indemnification or allowance of expenses from any person, including this corporation, in connection with the same proceeding.

(h) Upon written request by an indemnitee who is a party to a proceeding, this corporation may pay or reimburse his or her reasonable expenses as incurred if the indemnitee provides the corporation with all of the following:

1. A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

2. A written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by this corporation, to pay reasonable interest on the allowance to the extent it is ultimately determined that indemnification is not required. The undertaking under this subsection shall be an unlimited general obligation of the indemnitee and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

(i) Unless the indemnitee has knowledge that makes reliance unwarranted, an indemnitee, in discharging his or her duties to the corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

1. An officer or employee of this corporation whom the indemnitee believes in good faith to be reliable and competent in the matters presented.

2. Legal counsel, public accountants or other persons as to matters the indemnitee believes in good faith are within the person's professional or expert competence.

3. A committee of this corporation of which the indemnitee is not a member if the indemnitee believes in good faith that the committee merits confidence.

## ARTICLE IV

### INTERNATIONAL

#### SECTION 4.1 FOUNDERS AND RECOGNITION OF THEIR CONTRIBUTION TO GLOBAL CREDIT UNION MOVEMENT

In recognition of the fact that Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene are the founders of the worldwide cooperative, thrift and credit movement, and in order that there might be a sustained development of cooperative credit throughout the world—in free acknowledgment of the unique debt which we and succeeding generations of credit union members owe and will always owe to them; we make a part of these our bylaws this acknowledgment—and we designate them Founders of the world credit union movement.

#### SECTION 4.2 INTERNATIONAL CREDIT UNION WEEK

In honor of Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene, this corporation shall observe International Credit Union Week as designated by the World Council of Credit Unions, Inc. During this week there shall be appropriate widespread publicity in the form of all possible observance meetings and activities of credit union organizations.

#### SECTION 4.3 WORLD COUNCIL REPRESENTATION

Delegates and alternate delegates of this corporation to World Council of Credit Unions, Inc. shall be elected as provided in this section.

All delegates and alternate delegate(s) to the World Council of Credit Unions, Inc. shall be elected by the Board of Directors to serve a term of office specified by the Board of Directors but not to exceed two (2) years.

The Board of Directors shall determine which of the persons who serve as delegates shall constitute the persons designated by this corporation as members of the Executive Committee of the World Council of Credit Unions, Inc. and shall determine their term of office.

#### ARTICLE V

#### EMBLEM

#### SECTION 5.1 OFFICIAL EMBLEM OR EMBLEMS

There shall be such official emblem or emblems of this corporation as may be designated by the Board of Directors.

#### ARTICLE VI

#### FINANCE

#### SECTION 6.1 SOURCES OF FINANCIAL SUPPORT

This corporation shall be supported by (a) dues assessed and collected in the manner provided by the CUNA Delegates and in accordance with these bylaws; (b) payments received for services rendered or goods provided; and (c) such grants, gifts, and bequests as are received by the corporation, but no grants, gifts or bequests may be accepted from any source other than the World Council of Credit Unions, Inc. without the approval of the Board of Directors or Executive Committee.

#### SECTION 6.2 PROVISION FOR A SURPLUS

Each year, an amount equal to at least two and one-half (2½) percent of the dues income shall be set aside as a surplus, which said surplus may be used only in the way and manner determined by a two-thirds vote of the Board of Directors.

#### SECTION 6.3 DETERMINATION OF DUES

The dues to be paid by the member credit unions of this corporation shall be fixed by the CUNA Delegates. The dues payable by credit unions shall consist of two components: a specified amount per natural person member and a specified amount per one thousand dollars (\$1,000.00) of assets. However, the maximum dues payable by any credit union shall be one percent (1%) of the total dues paid to this corporation by all members in the preceding year. In addition, the dues payable by any credit union chartered before and continuously affiliated since January 1, 1993 shall never be subject to an annual increase of more than ten percent (10%). Dues shall be payable at 100% of the amount determined under this section by all credit unions that were members as of the end of the previous year and remain members during the current year. Dues shall be payable by all credit unions that were not members in the previous year and become members during the current year as follows: for those that become members before the last day of February, 100% of the amount determined under this section; for those that become members on or after March 1, but before May 1, 75%; for those that become members on or after May 1, but before October 1, 50%; and for those that become members on or after October 1, 25%. The date to be used for determining the number of natural person members of credit unions and assets shall be the thirtieth day of June of the previous year. A report of the total number of natural person members and assets as determined above shall be made to this corporation on or before



May 1. TO determine which size group a credit union in this corporation shall use the reports described in the immediately preceding sentence. All dues payable by a credit union that is a member of a member league shall be collected from the credit union by the league in a manner determined by the league and shall be due and payable by the league to this corporation as follows:

- March 1 - deadline for payment of one quarter of the amount reasonably estimated to be payable for the entire year.
- May 1 - deadline for cumulative payment of one half of the amount payable for the year based on the report to this corporation.
- July 1 - deadline for cumulative payment of three quarters of the amount payable for the year.
- September 1 - deadline for payment of balance of the amount payable for the year except for members that join this corporation later.

Dues payable by members other than credit unions that are members of member leagues shall be paid directly to this corporation by March 1. Dues not paid on the dates required by this section shall become and remain delinquent until paid.

A member shall be considered to have withdrawn under Section 2.4 of Article II if any dues installment of such member is not paid on or before the date on which such installment is due and payable (including any changed date on which due and payable under this paragraph) and the effective date of such withdrawal shall be the date (or changed date) on which such installment was due and payable; provided that the date on which any dues installment is due and payable by a member (including a changed date on which due and payable under this paragraph) may be changed by the CUNA Delegates or the Board of Directors to a later date.

Notwithstanding the general dues requirement, this corporation shall waive the dues payable by any member credit union for a specific period of time upon written certification by the league that the league has waived league dues payable by the credit union for the same period of time due to financial hardship.

#### SECTION 6.4 BUDGET

The Board of Directors shall adopt a budget for the fiscal year. The Executive Committee shall have authority to make adjustments in the budgeted items by transferring amounts from one item to another within the amounts budgeted as it may deem beneficial to the corporation.

#### SECTION 6.5 THE FISCAL YEAR

The fiscal year of the corporation shall end on the last day of December of each year.

#### SECTION 6.6 AUDIT COMMITTEE

The Board of Directors shall elect by and from their own number an Audit Committee consisting of five (5) members; provided that no member of the Audit Committee shall be a member of the Executive Committee of this corporation. The chairman of the Board of Directors shall appoint one of the five (5) members to serve as chairman of the Audit Committee. The Audit Committee members shall be elected for a term of one (1) year and until their successors have been elected or otherwise designated.

Any vacancy on the Audit Committee shall be filled through appointment by the chairman of the Board of Directors. The books and records of accounts shall be audited at least annually by a licensed certified public accountant selected by the Audit Committee, and a report of such audit shall be submitted to the Board of Directors.

ARTICLE VIII

AMENDMENTS

SECTION 7.1. PROCEDURE IN MAKING AMENDMENTS

These bylaws may be amended, altered or repealed by a two-thirds vote of the votes cast by the membership in accordance with a voting procedure adopted by the Board of Directors. There shall be action on any amendment which has been proposed by the CUNA Delegates at an annual general or special meeting by the Board of Directors or by five percent (5%) of the members.

ADDENDUM

The following provisions shall govern the transition to the new arrangements for membership and governance of this corporation as adopted at the 1996 annual general meeting.

1. The new membership and dues provisions shall take effect January 1, 1997.
2. The twenty-four (24) voting members of the new Board shall be elected to staggered terms of office in 1997 to take office as of the adjournment of the 1997 annual general meeting. As of said time, all terms of office of the thirty-nine (39) members of the prior Board of Directors shall expire regardless of whether such terms of office would have expired under the bylaws that were in effect before adoption of bylaw amendments in 1996.
3. The term limit provision for CUNA directors (Article III, Section 3(b)) shall apply only to consecutive terms of office that begin in 1997 or thereafter.
4. The limitation of two (2) voting CUNA directors from members located in any one (1) state (Article III, Section 3.7(a)) shall apply only to CUNA directors elected to the restructured board in 1997 or thereafter.
5. The classes of the members of the restructured board and their respective terms of office shall be as follows:  
Dist. 1: A.98, B.99, C.00, D.98  
Dist. 2: A.00, B.98, C.99, D.98  
Dist. 3: A.99, B.00, C.98, D.99  
Dist. 4: A.98, B.99, C.00, D.99  
Dist. 5: A.99, B.00, C.98, D.00  
Dist. 6: A.00, B.98, C.99, D.00

**ARTICLES OF ASSOCIATION**  
**OF**  
**CREDIT UNION LEGISLATIVE ACTION COUNCIL**

**ARTICLE I**  
**NAME**

The name of this association shall be the Credit Union Legislative Action Council (hereinafter referred to as the "Committee").

**ARTICLE II**  
**PRINCIPAL OFFICE AND ADDRESS**

The principal office of the Committee shall be located in Washington, D.C.

**ARTICLE III**  
**ORGANIZATION**

The Committee shall be a voluntary, nonprofit, unincorporated association and shall be independent of any political party, candidate or organization.

**ARTICLE IV**  
**PURPOSES AND POWER**

**Section 1.** The purpose of the Committee is to provide the opportunity for individuals interested in the future of the credit union movement to contribute to the support of worthy candidates for federal office who believe, and have demonstrated their belief in the principles to which the industry is dedicated. To further these purposes, the Committee is empowered to solicit, directly or indirectly, and accept voluntary personal contributions and to make contributions and expenditures in connection with the attempt to influence the selection, nomination or election of any individual to any political office.

**Section 2.** The Committee and its officers subcommittees, shall possess and may exercise all powers and privileges set forth in these Articles or incidental thereto, together with all powers and privileges necessary or convenient to the conduct, promotion, or attachment of the purposes of the Committee or these Articles.

**ARTICLE V  
PARTICIPATION**

All U.S. citizens eligible to contribute to the Committee and the Committee is authorized to solicit and accept contributions from any person from whom contributions may be lawfully solicited.

**ARTICLE VI  
CONTRIBUTIONS**

**Section 1.** All contributions to the Committee shall be voluntary, and no contribution to the Committee shall be solicited or secured by physical force, job discrimination or financial reprisal, or threat thereof, or as a condition of employment.

**Section 2.** Basic policies with respect to the expenditure or distribution of all contributions to the Committee shall be within the sole discretion of the Trustees of the Committee.

**Section 3.** No contribution shall be accepted, and no expenditure shall be made by or on behalf of the Committee at a time when there is a vacancy in either the office of Chairman or Treasurer.

**ARTICLE VII  
SEPARATE SEGREGATED FUND**

All contributions to the Committee shall be maintained by the Committee as a separate segregated fund in one or more designated campaign depositories, and all expenditures by the Committee in support of any candidate or political committee shall be made from that fund and no other source.

**ARTICLE VIII  
TRUSTEES**

The governing body of the Committee shall be a Board of Trustees, composed of eight (8) individuals seven (7) of whom are elected at regular intervals by the existing Board of Trustees and one designated by the President of CUNA. The Chairman, Vice Chairman, Secretary and Treasurer shall have two year terms, while the other three elected by the Board of Trustees shall have three year terms. The Trustee designated by the President of CUNA shall serve for whatever period of time the CUNA President determines. The designee of the President of CUNA will not be counted for purposes of a quorum, and will vote on matters only in the event of a tie.

The Trustees are empowered to set basic policies with respect to expenditures to be made by the Committee, and to direct disbursements to any specific candidate. The Trustees shall determine the procedures for collection and distribution of funds to the candidates and political committees that the Committee shall support, and the amount of all expenditures and disbursements by the Committee.

## ARTICLE IX OFFICERS

Section 1. The officers of the Committee shall be the Chairman, Vice Chairman, Secretary, Treasurer, and Assistant Treasurer.

Section 2. Subject to the determination of the Board of Trustees, the Chairman shall administer and have general and active management and supervision of all the affairs of the Committee. The Chairman shall preside at all Committee meetings and meetings of the board.

Section 3. The Treasurer shall be the chief financial officer of the Committee, shall keep the financial records of the Committee, shall comply with all applicable requirements required by law, and shall perform such other duties as may be assigned to him by the Chairman of the Board of Trustees.

Section 4. The Secretary shall record or cause to be recorded the minutes of all meetings of the Trustees, shall maintain such records, and shall perform such other duties as may be assigned to him by the Chairman of the Board of Trustees.

Section 5. The Vice Chairman shall perform such duties as the Chairman or board of Trustees shall prescribe, and shall succeed to the office of the Chairman in the event of a vacancy in that office.

Section 6. The Trustee who is the designee of the president of CUNA shall appoint the Assistant Treasurer to serve for whatever period of time the appointing Trustee determines. The Assistant Treasurer shall perform such duties as the Treasurer shall prescribe, and shall immediately succeed to the office of Treasurer in the event of a vacancy in that office; the tenure of such succession shall last only until the Board of Trustees elects a new Treasurer.

## ARTICLE X REMOVAL

A Trustee may be removed by a two-thirds vote of the other Trustees. A Trustee shall be removed from office automatically upon conviction of a felony.

**ARTICLE XI  
MEETINGS**

The Board of Trustees shall meet at least once a year at a time and place to be determined by the Chairman.

**ARTICLE XII  
ADOPTION AND AMENDMENTS**

**Section 1.** The Articles of Association of the Credit Union Legislative Action Council must be adopted by a majority vote of the Board of Trustees.

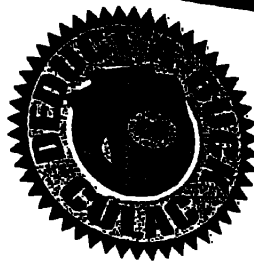
**Section 2.** Amendments to the Articles of Association of the Credit Union Legislative Action Council may be made by a majority vote of the Board of Trustees.

**ARTICLE XIII  
DISSOLUTION**

The Committee may be dissolved at any time by a two-thirds vote of the Board of Trustees. In the event of such dissolution, all property and assets belonging to the Committee shall be promptly distributed as determined by the Board of Trustees for the purposes set forth in Article IV of these Articles.

*As revised February 1998.*

**Did you know  
that bankers  
outspend credit  
unions 20 to 1?**



It's no secret that the banking industry has deep pockets. They have over 140 federally registered political action committees (PACS) working for their political interests. Powerful banks and their lawyers have combined to prevent millions of people from having the freedom to choose to join and own a credit union. If the bankers get their way, over 10 million people may be prevented from joining a credit union.

And, if you cannot join a credit union, where do you go for a loan or to put your savings? Imagine being forced to use a bank where you are held captive to high fees, indifferent service, higher interest on loans and lower interest on savings. **Not much of a choice!**

**CULAC is the nation's largest PAC working exclusively for credit unions** - its goal is to elect pro-credit union candidates to Congress. This is where we need your help. Banks have poured millions in campaign contributions into the pockets of Members of Congress. Please help CULAC to support those Members who have gone out on a limb for us.

As a credit union member, you can join the fight against banks by making your own contribution to CULAC.

**Join the Fight to Save Credit Unions**

As a member of his credit union you are eligible to contribute. Unlike the banks who have wealthy stockholders that contribute a thousand dollars a year, all we are asking for is a \$100 investment once a year - a quarter of a cent to the fight of CULAC.

Your Deductible RUC contribution will help elect pro-credit union side of the story is being heard in Washington, DC. If you want to make a donation please fill out the attached form and mail it to the credit union or drop it off with the teller. The amount you contribute will automatically be debited from your account. It is only with the help from people like you that the basic right to choose membership in credit union will be preserved for the American consumer.

## Deduct-A-Buck

**Yes**, I want to participate and preserve the future of my credit union! Complete this form and mail it to your credit union.

Please debit my checking account:

- \$1.00 (One Dollar) a year  
 \$1.00 a quarter  
 \$1.00 a month  
 Other amount: \_\_\_\_\_

Contributions will be noted on your statement as "Pol Act." You may cancel at any time by notifying your credit union in person or in writing.

Name: \_\_\_\_\_  
Checking/draft Account #: \_\_\_\_\_  
Occupation: \_\_\_\_\_  
(required by Federal Election Commission)  
Employer: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

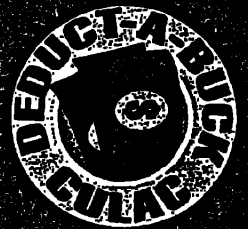
*Thank you!*

By signing above you attest that your contribution is purely voluntary. Contributions to CULAC are not deductible for federal income tax purposes. Contributions will be used for bi-partisan political activities. Contributions may be split between CULAC and your state's credit union PAC.

Paid for by CULAC.

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Banks want to take away your right to choose credit union membership, but one small dollar will make one big difference...



Credit Union Legislative Action Council



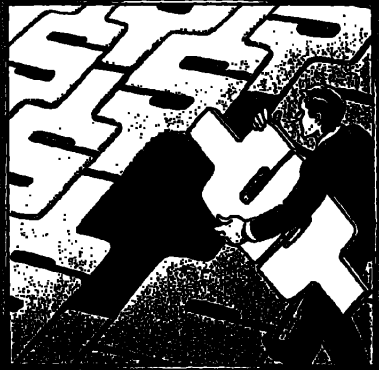


Only individuals who belong to credit unions that have signed a Permissive Agreement can contribute to CULAC. YOUR CREDIT UNION (UNION CANNOT VARY A CORPORATE CONTRIBUTION TO CULAC.

- Permitted credit unions allow credit unions people to make informed choices about political action. If your credit union does not sign a Permissive Agreement, you cannot contribute to CULAC.
- Signing a Permissive Agreement does not mean you are making a contribution to CULAC or your League PAC.
- Your credit union can only sign a Permissive Agreement for one PAC in a calendar year.
- The CUB or other designee of your credit union can sign Permissive Agreements for several years at a time.

**PERMISSION AGREEMENT**  
 The League, or CUNA if the League delegates its permission rights to CUNA, may utilize this credit union's assets for the purposes of administration. The League, or CUNA if the League delegates its permission rights to CUNA, may utilize this credit union's assets for the purposes of administration. The League, or CUNA if the League delegates its permission rights to CUNA, may utilize this credit union's assets for the purposes of administration. The League, or CUNA if the League delegates its permission rights to CUNA, may utilize this credit union's assets for the purposes of administration.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Name (print): \_\_\_\_\_  
 Title: \_\_\_\_\_ CU Name: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Please return to your credit union representative.



One small dollar will make one big difference.

**CULAC**  
 CREDIT UNION LEGISLATIVE ACTION COUNCIL

# TEXAS CREDIT UNION LEAGUE

## Bylaws

### ARTICLE I: PURPOSES

**SECTION 1: Purposes.** The Texas Credit Union League ("League"), a corporation organized in accordance with the laws of Texas, operates for the following purposes:

- (a) To assist, educate and promote credit unions in providing an ever-expanding array of financial services to their members, and to inform the public in general and specific citizens in particular of the usefulness and value of credit unions.
- (b) To disseminate information and educational material relative to thrift and savings.
- (c) To advance the interest of credit unions in the state and the effective operation of credit unions.
- (d) To foster the establishment and maintenance of credit unions of the highest operating standards, and of sound and efficient practices.
- (e) To represent the interest of credit unions with representatives and agencies of governments.
- (f) To encourage and assist citizens who wish to form their own credit unions.
- (g) To own and deal with property to the extent necessary or appropriate in connection with the League's activities.
- (h) To engage in such other activities as are correlated with or supplemental to the foregoing, and are not expressly forbidden by the laws of this state.
- (i) To exercise such general powers as are authorized by law.

**SECTION 2: National Affiliation.** In such way and manner as its board of directors may from time to time determine, the League may serve as the representative in this state for any central activities developed by Credit Union National Association, Inc. ("CUNA").

### ARTICLE II: MEMBERS

**SECTION 1: Credit Unions.** Any credit union organized and operating in accordance with the State or Federal Credit Union Law within this state shall be eligible to become a member in the League upon application in writing submitted to the president for review and action. Credit union membership applications received and actions taken shall be reported at the next called regular or special meeting of the board of directors of the League.

*Tx League  
Bylaws ("TL")  
T12-11*

[Article II - continued]

**SECTION 2: Ex-Officio Member.** CUNA shall be an ex-officio member of the League and, if invited by the League chairman, shall be entitled to representation at all meetings of the League by its chairman, or president, or other elected official designated by CUNA, who, when so invited, shall enjoy the privilege of participating in discussions, but shall have no right to vote or any other power. ←

**SECTION 3: Honorary Members.** Honorary members may be admitted to the League upon unanimous vote of its board of directors; they shall have the power to participate in discussions but shall have no power to vote or any other power.

**SECTION 4: Associate Members.** A credit union with its principal office outside the State of Texas shall be eligible to become an associate member of the League if:

- (a) it is a member in good standing of the League where its principal office is located, and
- (b) it complies with such other admission requirements as may be determined by the League board of directors and receives a favorable two-thirds vote by the board for admission.

An associate member shall pay such dues, and upon such terms, as are determined by the board and shall receive League member services as determined by the board, but shall have no power to vote, to participate in discussions, or any other power. The board may remove an associate member by a two-thirds vote.

**SECTION 5: Removal for Non-Payment of Dues.** Any member credit union which fails to pay, prior to March 1 of any year, the dues specified in accordance with Section 2 of Article X, shall be suspended automatically without the necessity for any further action whatsoever, provided the board of directors or the chairman of the board shall have the power, in the discretion of either of them, by written statement executed prior to March 1, to extend the time for such automatic suspension to any date prior to December 1 of the current year.

**SECTION 6: Removal.**

(a) **Board Action.** The board may remove a member credit union by the affirmative vote of two-thirds of the votes cast by the directors at any duly called meeting, and any credit union so removed shall have the right to be reinstated by appeal to the members if the appealing credit union receives a two-thirds affirmative vote of the votes cast by the members at their next duly called League meeting at which a quorum is present.

(b) **Membership Action.** The member credit unions may remove any member credit union for cause by the affirmative vote of two-thirds of the votes cast at a duly called League meeting at which a quorum is present.

**SECTION 7: Resignation of Member.** A member credit union desiring to resign from the League shall give thirty days notice of such intent in writing to the president, such notice to contain a certified copy of the resolution by the board of directors of said member credit union authorizing the resignation.

[Article II - continued]

**SECTION 8: Obligations of Member.** Each member credit union, by accepting membership in and having been accepted as a member of this League, is bound to comply with, and does agree to observe in good faith and to abide by, the bylaws, resolutions, rules and regulations of the League and its board of directors in effect from time to time, and to pay all fees, dues and assessments properly and lawfully determined.

**SECTION 9: Organization of Chapters.** The League shall cooperate from time to time in the organization of local chapters of credit unions in accordance with such rules and procedure as the board of directors may from time to time determine.

**SECTION 10: Unity of Action.** Chapters are encouraged to carry on activities of an educational, philosophical and promotional nature and serve as a communications link between the League and credit unions in the respective chapters.

### **ARTICLE III: MEETINGS OF MEMBERS**

**SECTION 1: Annual Meeting.** The League annual meeting of member credit unions shall be held at such time and place each year as the board of directors may determine.

**SECTION 2: Special Meetings.** The board of directors may, by a two-thirds vote, and shall, within ninety days after a written request of forty or more member credit unions, call a special League meeting at such time and place as the board of directors may determine.

The chairman of the board may, and shall within thirty days after written request of ten or more credit unions within the district, including at least three from each chapter within the district, call a special district meeting at such time and place as he may determine.

**SECTION 3: Notice of Meetings.** At least fourteen days but not more than fifty days prior to each League annual or special meeting, the president shall cause written notice thereof to be sent to each member credit union. At least fourteen days but not more than fifty days prior to each biennial or special district meeting, the president shall cause written notice thereof to be given to each member credit union located within such district. Notice of biennial district meetings may be a part of the notice for the next League meeting. The notice of each special meeting shall contain a statement of the purpose(s) for which the meeting has been called, and no business shall be transacted at the meeting which does not pertain to such purpose(s). The notice of each biennial district meeting shall designate the time and place voted at the last meeting of such district, or such other time and/or place within the district as shall be designated by the district chairman and reported to the president of the League.

The notice of a special district meeting shall designate the time and place it is to be held as set by the chairman of the board in calling the meeting. Every member credit union shall for all purposes be deemed to have been duly notified of any meeting if represented at the meeting or if it shall waive notice in writing either before or after the meeting.

**SECTION 4: Quorum.** At League meetings of the members, a representation of forty or more member credit unions, including at least three member credit unions from each of at least one-half of the League districts shall constitute a quorum. If a quorum is not present, the

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[Article III, Section 4 - continued]

meeting may be adjourned to a date not less than seven nor more than fifteen days thereafter by any delegates of member credit unions who are present. The same notice shall be given for the reconvened meeting not less than five days prior to the date set for the reconvened meeting.

**SECTION 5: No Proxies.** Members may not vote by proxies. Delegates may not represent more than one credit union.

**SECTION 6: League District Boundaries.** The member credit unions, at any duly called League meeting, shall divide the state into fourteen districts, and fix the boundaries thereof, which boundaries shall remain as previously fixed until changed at a League meeting of the member credit unions.

#### ARTICLE IV: DISTRICT MEETINGS

**SECTION 1: Quorum.** At each district meeting, a representation of five or more member credit unions which have their principal office located in such district shall constitute a quorum.

**SECTION 2: Other Procedures.** All other procedures for each district meeting shall be in conformance with the bylaws of the League pertaining to meetings of members, elections and voting by member credit unions, and other pertinent subjects.

**SECTION 3: District Chairman and Secretary.** At each biennial district meeting, a district chairman and a district secretary shall be elected to conduct the district meetings until their successors are elected. If a vacancy occurs in either office, the district may fill such vacancy until the next biennial district meeting. To be eligible for election as a district chairman or secretary, a person must be a member of a member credit union which has its principal office in the district from which he is elected.

**SECTION 4: Conducting District Meeting.** If the district chairman shall for any reason fail to call any district meeting to order, such meeting shall be called to order by the first of the following persons who shall be available to do so: district secretary, a director of the League from such district, if any, or a person designated by the League chairman.

**SECTION 5: Report of Election, Quorum, and Place of Next Meeting.** The district secretary of the district meeting shall report all election results in such meeting to the president of the League promptly after such election and shall include a statement certifying that at such meeting a quorum was present, and stating the time and place voted for the next biennial district meeting if other than at a League annual meeting.

**SECTION 6: Failure to Elect.** If the district fails to meet, or fails to attain a majority vote on any vacant directorship after three ballots, or fails for any reason to report the results of its election to the League president promptly, the member credit unions at the next League annual meeting shall fill each directorship which the district meeting failed to elect.

**ARTICLE V: VOTING BY MEMBERS - REPRESENTATION**

**SECTION 1: Votes.** Each member credit union of the League shall be entitled to one vote on each voting matter at each League annual and special meeting, and each district meeting. The only credit unions entitled to notice of and to vote at a district meeting are those member credit unions which have their principal office located in such district.

**SECTION 2: Delegates.** Each member credit union of the League shall be entitled to be represented at each League annual and special meeting, and each district meeting by one voting delegate. Each member credit union shall designate from among its membership its delegate and shall determine the method for selecting its delegate.

**SECTION 3: Credentials.** The credit union shall certify to the president of the League the name and address of the delegate promptly after his selection and at such other times as the League board of directors may reasonably request.

**SECTION 4: Loss of Voting Rights.** If any member credit union fails to comply with Section 3 of this Article V, the delegate of such credit union may be denied the privilege of voting at any meeting by the presiding officer of the meeting; however, if so denied, the delegate of such credit union may regain the privilege by the affirmative vote of two-thirds of the votes cast by the delegates present.

**ARTICLE VI: BOARD OF DIRECTORS**

**SECTION 1: Management.** The affairs of the League shall be managed by the board of directors.

**SECTION 2: Composition.** The board of directors shall consist of sixteen district and five asset category voting directors who shall serve for a term of two years or until their successors are elected as provided herein. The term of a new director shall begin immediately after the adjournment of the League annual meeting following his election.

**SECTION 3: Election of Directors.**

See the *Standing Resolution* in reference to Article VI, Section 3 (a)

**(a) Number and Qualification of District Directors.** Two district directors shall be elected from each of the first and second ranking districts in the number of member credit unions in the League. One district director shall be elected from each of the other League districts. To be eligible for election as a district director, a person must be

(1) either a staff employee or an elected or appointed official of the member credit union which he is representing, and

(2) a member of a member credit union. Each such credit union must have its principal office in the district from which the director is elected. The terms of all district directors shall expire in each even numbered year.

**(b) Election of District Directors at District Meetings.** At a time within seventy days prior to the adjournment of the League annual meeting of the members held in even-numbered years, the districts shall hold district meetings at the time and place designated in the notice of meetings required under Section 3 of Article III, and therein shall elect a district director to fill each directorship from their own district, in which the term has expired in such year, or a vacancy has otherwise occurred, regardless of whether or not that vacancy has been temporarily filled by the board of directors pursuant to the provisions of Section 8 of this Article VI. The place of such district meeting shall be (1) within the same county that such League annual meeting of the members is being or is to be held, or (2) within the district.

[Article VI, Section 3 - continued]

(c) Number and Qualification of Asset Category Directors. Five voting directors shall be elected in each odd-numbered year according to credit union asset categories on a state-wide basis, each of whom shall serve for a term of two years or until his successor is elected as provided herein. The term of such new director shall begin immediately after the adjournment of the League annual meeting following his election. One such asset category director shall be elected from and represent member credit unions with assets within each of the following categories:

- a. Assets of less than \$10 million;
- b. Assets of at least \$10 million but less than \$20 million;
- c. Assets of at least \$20 million but less than \$50 million;
- d. Assets of at least \$50 million but less than \$100 million;
- e. Assets of \$100 million or more.

For purposes of determining the asset size of each member credit union applicable to the above categories, assets are defined as the total assets reported as of the June 30 preceding such election by each member credit union to its regulatory agency, or if such report is not reasonably available, on such other information source as determined by the League board of directors.

Each director elected on the basis of credit union asset category must be (1) either a staff employee or an elected or appointed official of the member credit union which he is representing, which must be within the asset category for which such director is elected, and (2) a member of a member credit union. Notwithstanding other bylaw provisions, once elected, a director's office does not become vacant because the asset category of the credit union in which such director is an employee or official changes to another category after the election.

(d) Elections of Asset Category Directors. The nominations and elections of the five directors elected on the basis of credit union asset categories shall be conducted in accordance with policies, procedures and forms to be established by the League board of directors, which shall include the following requirements:

- (1) The elections are to be completed after January 1, but prior to the adjournment of the League annual meeting, of the year in which the elections are held, which shall be in each odd-numbered year.
- (2) To nominate a candidate, the person making such nomination must be either a staff employee or an elected or appointed official of a member credit union within the asset category of the nominee.
- (3) Voting may not be done in person or by proxy, but is to be accomplished by mail ballot only and is to be tabulated by an independent entity.
- (4) Each member credit union may only vote for candidates within that credit union's asset category.
- (5) The candidate receiving the most votes in each asset category will be elected, and a majority vote is not required. Any tie votes shall be resolved in accordance with policies, procedures, and forms to be established by the League board of directors.
- (6) Vacancies in the offices of any directors elected on the basis of asset size category shall be filled by the board of directors of the League electing a qualified person from a credit union in the same asset size category to fill such vacancy for the unexpired term being filled.

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[Article VI, Section 3 - continued]

(e) **Representation.** No member credit union shall be entitled to be represented by more than one director, except that if a director is a member or staff employee or elected or appointed official of more than one member credit union, he shall nevertheless be entitled to serve as a director if he fills the above qualifications and if the credit union he represents is not otherwise represented on the board of directors.

(f) **Definitions.** For purposes of these bylaws, the following definitions shall apply:

(1) "Staff employee" means an individual working or assigned to work full-time or part-time in a credit union, but does not include independent contractors or consultants.

(2) "Elected or appointed official" means a voting member of the board of directors, credit committee or supervisory committee of a credit union.

(3) "Represent" or "representing" means being a staff employee or an elected or appointed official at the present time, and any individual is still qualified to be elected and to continue to hold office as a director even if representing a different credit union from the credit union he was representing when nominated or when elected, so long as the credit union he is representing has its principal office in the district in which he was elected in the case of a district director, or is within the same asset category in the case of an asset category director.

#### SECTION 4: Ex-Officio Directors.

(a) **Past Chairman of the Board.** The immediate past chairman shall, if willing, automatically become a member of the board of directors and the executive committee ex-officio; he shall have the right to participate in discussions, but he shall not have the power to vote or any other power, unless duly elected to the board or the executive committee. The term of office as ex-officio shall be for a period of one year, but may be extended as the board deems advisable, not to exceed one year periods.

(b) **President.** The president, throughout his term as such, shall automatically be an ex-officio member of the board of directors and all committees; he shall have the right to participate in discussions, but he shall not have the power to vote or any other power.

**SECTION 5: Automatic Vacancy.** The office of any director shall be automatically vacant upon the failure of the credit union he is representing to maintain its membership in the League, or upon his failure to maintain the qualifications as a director as set out in Sections 3(a) and 3(c) of this Article. A director will not have failed to maintain his qualifications as a director in the event of a break in service of his status as a staff employee or elected or appointed official of the member credit union which he is representing if:

(a) after such break in service, such director will be representing a member credit union in the same district in the case of a district director, or in the same asset category in the case of an asset category director; and

(b) such director, prior to any such break in service, provides to the League chairman, and abides by, a letter from the member credit union which he will thereafter represent, which letter must include the following:

(1) the effective date that the director will be a staff employee or an elected or appointed official of the member credit union which he will thereafter represent; and

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[Article VI, Section 5(b) - continued]

(2) the district location, in the case of a district director, or current asset size, in the case of an asset category director, of the member credit union which he will thereafter represent.

**SECTION 6: Resignation.** Any director may resign by giving written notice to the League board of directors, the League executive committee, the League chairman, the League president or to the district chairman of his district. Any district chairman who receives any such resignation notice shall, within ten days of his receipt of same, notify the League president and chairman of the board of such resignation. Upon acceptance of said resignation by the League board of directors, the resigning director's office shall be vacant.

**SECTION 7: Removal.** The directors may remove any director for cause by the affirmative vote of two-thirds of the votes cast by the directors at any duly called regular or special meeting of the directors, at which a quorum is present, but only after such director has been given an opportunity to be heard.

**SECTION 8: Interim Vacancies in District Directorships or on Executive Committee.**

(a) Vacancies in the district directorships shall be filled within sixty days from the acceptance of a resignation by the board of directors, or within sixty days from the occurrence of a vacancy otherwise created, by the voting delegates of the affected district electing a qualified person to fill such vacancy at a special district meeting called for the purpose of such election. The results of such election shall be reported by said district in the manner provided in Article IV, Section 5, of these bylaws.

(b) If the affected district fails to meet, or fails to attain a majority vote as to the filling of any such vacancy, or fails for any reason to report the results of its election to the League president within such sixty-day period, then such vacancy shall be filled by the board of directors of the League electing a qualified person to fill such vacancy.

(c) Vacancies on the executive committee, however occurring, shall be filled by the board of directors of the League electing a qualified person to fill such vacancy.

(d) Any director or member of the executive committee elected under this Section 8 shall be elected only for the unexpired term of his predecessor in office. In the event of a vacancy or a defect in the election of any member of the board of directors or executive committee, the other duly elected directors may nevertheless act, and all acts done by them shall be valid as if the vacancy or defect had not existed.

**SECTION 9: Organization of the Board.** At the first meeting of the new board of directors following the annual meeting of member credit unions, the board of directors shall elect board officers consisting of a chairman of the board (herein also referred to as the "chairman"), a first vice-chairman, a second vice-chairman, and a secretary-treasurer, each of whom shall be a director. The secretary-treasurer so elected shall be the secretary-treasurer of the League. The board officers shall serve for a term of one year or until their successors are elected and qualified. In addition to other duties of the chairman prescribed herein, the chairman shall preside at all meetings of the League, the board of directors, and the executive committee, and he shall present an annual report to the members. The duties of the chairman shall be performed in his absence or disability by the first vice-chairman, and in the absence or disability of the chairman and the first vice-chairman by the second vice-chairman. Other board officers shall have such duties as are assigned to them by the board.

TLB (8)

[Article VI - continued]

**SECTION 10: Directors of Subsidiaries and Affiliates.** Pursuant to the direction and control of the board and to the extent that the League has voting or other power to do so, an officer or other person designated by the board shall elect the directors, ex-officio directors, and advisory directors of the League as directors and, if applicable, ex-officio and advisory directors of any subsidiary or affiliate of the League.

**SECTION 11: Exercise of Voting Rights.** All voting rights to which the League, or any of its directors in his capacity as a director of the League, shall be entitled as a shareholder or member, directly or by proxy, shall be exercised in their entirety as a unit with all votes being cast in such manner as is determined by a majority of the board present at the meeting at which the vote is taken.

## ARTICLE VII: MEETINGS OF DIRECTORS

**SECTION 1: Notice of Directors' Meetings.** The chairman shall from time to time call and fix the date and time for regular directors' meetings and may call special directors' meetings as often as he deems necessary. The chairman shall call a special meeting of the directors upon the written request of at least one-third of the directors. The president shall cause to be given to each director at least ten days written notice prior to regular meetings and at least three days written notice prior to any special meeting. A special meeting may be called on shorter notice provided all directors waive notice in accordance with the following paragraph. Each notice of a special meeting shall contain the purpose(s) of the meeting.

Notice to the member credit unions of the League annual meeting shall constitute notice to all directors that the organizational meeting of the board will be held following the League annual meeting, and no further notice is required.

**SECTION 2: Waiver of Notice.** Every director shall for all purposes be deemed to have been duly notified of any meeting, if he shall be present in person at such meeting or shall waive, in writing filed with the records of the meeting, notice thereof, either before or after the meeting.

**SECTION 3: Unanimous Consent.** Any action required or permitted to be taken at a meeting of the board of directors or any committee may be taken without a meeting if a consent in writing setting forth the action so taken, is signed by all directors or committee members, as the case may be.

**SECTION 4: Telephone (Communications Equipment) Meetings.** Any meeting of the board of directors or any committee designated by the board may be held by telephone conference call or similar communications equipment in which all or certain of the directors or committee members are not physically present at the place of the meeting, but can hear the other participants in the meeting and participate in the conduct thereof by such telephone or similar communications equipment, and participation in such meeting shall constitute presence in person at such meeting for the purpose of determining the presence of a quorum and for all other voting purposes.

**SECTION 5: Quorum.** A majority of the directors shall constitute a quorum.

TLB (9)

safe Dep. Box

93CS 7321

PLEASE CHECK ONE:

- DOMESTIC LIMITED PARTNERSHIP
  - DOMESTIC NON PROFIT CORPORATION
  - DOMESTIC PROFESSIONAL CORPORATION
- ENTER LICENSE NUMBER →

FEE \$40.00

Union  
Accompanying  
Another  
Filing

**CERTIFICATE OF SUMMARY OF RECORD**  
**COMMONWEALTH OF PENNSYLVANIA**  
 DEPARTMENT OF STATE - CORPORATION BUREAU  
 308 NORTH OFFICE BUILDING, HARRISBURG, PA 17120

1 NAME OF CORPORATION OR LIMITED PARTNERSHIP  
Pennsylvania Credit Union League

2 ADDRESS OF REGISTERED OFFICE OR PRINCIPAL PLACE OF BUSINESS IN PENNSYLVANIA (P.O. BOX NUMBER NOT ACCEPTABLE)  
4309 North Front Street

CITY COUNTY STATE 084 ZIP CODE  
Harrisburg Dauphin Pennsylvania 17110

3 THE STATUTE BY OR UNDER WHICH THE CORPORATION OR LIMITED PARTNERSHIP WAS FORMED  
Act of May 5th, 1933 The Non-Profit Corporation Law

4 THE CORPORATION - LIMITED PARTNERSHIP WAS ORIGINALLY FORMED ON  
April 28, 1941  
 UNDER THE NAME OF:  
Pennsylvania Credit Union League  
 (DATE)

5 THE ORIGINAL STATEMENT, ARTICLES, CERTIFICATE OR OTHER ORIGINAL DOCUMENTS WERE RECORDED OR FILED ON  
March 18, 1941 IN: Philadelphia County  
 (DATE)

6 (IF APPLICABLE) THE MANNER IN WHICH THE CORPORATION WAS FORMED WAS BY:  
 SPECIAL ACT (Sec 6 J)  DECREE OF Philadelphia County ENTERED (DATE) April 28, 1941  
 (Name of Court) Common Pleas

LETTERS PATENT GRANTED ON \_\_\_\_\_  FILING OF \_\_\_\_\_ IN THE \_\_\_\_\_

7 CHECK IF APPLICABLE  
 CURRENTLY EFFECTIVE ORGANIZATION DOCUMENTS (OR AMENDED OR RESTATED ARTICLES) ARE ATTACHED HEREWITH AS EXHIBIT A

8 EACH NAME BY WHICH THE CORPORATION WAS KNOWN AND THE EFFECTIVE DATES ARE AS FOLLOWS:

NAME	EFFECTIVE DATE
<u>Pennsylvania Credit Union League</u>	<u>April 28, 1941</u>

IN TESTIMONY WHEREOF, THE (UNDERSIGNED CORPORATE OFFICERS/PARTNERS HAVE SIGNED AND SEALED THE CERTIFICATE OF SUMMARY OF RECORD THIS 19<sup>th</sup> DAY OF JULY 1989.

Michael J. Judge, President  
David E. Shoberman, V.P., LEGAL/GOV'T AFFAIRS

-FOR OFFICE USE ONLY-

030 FILED <b>JUL 20 1989</b>	002 CODE	003 REV BOX	SEQUENTIAL NO.	100 MICROFILM NUMBER <b>8953 423</b>	
	REVIEWED BY	004 SIC	AMOUNT	001 CORPORATION NUMBER <b>872679-006</b>	
	DATE APPROVED	CERTIFY TO	INPUT BY	LOG IN	LOG IN (REFIL)
	DATE REJECTED	<input type="checkbox"/> REV. <input type="checkbox"/> L & I	VERIFIED BY	LOG OUT	LOG OUT (REF)

*James J. Ziegler*

THE OFFICE OF THE PROTHONOTARY UNDER THE ABOVE TERM AND ON THE 20TH DAY OF MARCH, 1952.  
 2. THE SAID INCORPORATORS HAVE ADVERTISED THEIR INTENTION TO MAKE THIS APPLICATION FOR A CHARTER IN ACCORDANCE WITH THE PROVISIONS OF THE "NONPROFIT CORPORATION LAW" OF 1933, AND PROOF OF SAID ADVERTISEMENT IS SUBMITTED HERewith.

WHEREFORE, THE PETITIONERS PRAY YOUR HONORABLE COURT TO ENTER A DECREE APPROVING THE SAID ARTICLES OF INCORPORATION AND GRANTING A CHARTER TO UNITED CEREBRAL PALSY OF PENNSYLVANIA.

ISABELLA J. JONES  
 JOHN THOMAS HEISTAND  
 HENRY I. O'NEILL  
 JACOB M. KIRSCHNER  
 LLOYD T. CLARK

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA )  
 ) 1952:  
 COUNTY OF DAUPHIN )

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE COUNTY AND COMMONWEALTH AFORESAID, PERSONALLY APPEARED HENRY I. O'NEILL, J. THOMAS HEISTAND, ISABELLA J. JONES, JACOB M. KIRSCHNER AND LLOYD T. CLARK WHO, BEING DULY SWORN ACCORDING TO LAW, DEPOSE AND SAY THAT THE FACTS SET FORTH IN THE FOREGOING APPLICATION FOR CHARTER ARE TRUE AND CORRECT.

ISABELLA J. JONES  
 JOHN THOMAS HEISTAND  
 HENRY I. O'NEILL  
 JACOB M. KIRSCHNER  
 LLOYD T. CLARK

SWORN TO AND SUBSCRIBED BEFORE  
 ME THIS 20TH DAY OF MARCH, 1952.

GERTRUDE SCHIFFMAN, NOTARY PUBLIC  
 MY COMMISSION EXPIRES FEB. 5, 1955  
 (NOTARIAL SEAL)

RECORDED MAR. 28, 1952

.....  
 PENNSYLVANIA CREDIT UNION LEAGUE

CHARTER

IN RE ) C.P. NO. 4.  
 PENNSYLVANIA CREDIT ) MARCH TERM 1941  
 UNION LEAGUE ) NO. 1470

DECREE

AND NOW, THIS 28TH DAY OF APRIL, A.D. 1941, THE ARTICLES OF INCORPORATION OF PENNSYLVANIA CREDIT UNION LEAGUE HAVING BEEN PRESENTED TO THE COURT, WITH THE PROOF OF ADVERTISEMENT OF NOTICE OF THE APPLICATION AND THE CERTIFICATE OF THE DEPARTMENT OF STATE PERTAINING TO THE REGISTRATION OF THE CORPORATE NAME, AND UPON CONSIDERATION THEREOF, THE ARTICLES ARE FOUND TO BE IN PROPER FORM AND WITHIN THE PROVISIONS OF THE ACT OF MAY 5, 1933, KNOWN AS THE NON-PROFIT CORPORATION LAW AND THE PURPOSES APPEARING TO BE LAWFUL AND NOT INJURIOUS TO THE COMMUNITY, IT IS ORDERED AND DECREED THAT THE ARTICLES BE, AND THEY ARE HEREBY APPROVED, AND THAT, UPON THE RECORDING THEREOF AND THIS ORDER, THE CORPORATION SHALL COME INTO EXISTENCE FOR THE PURPOSES AND UPON THE TERMS STATED THEREIN.

BY THE COURT  
 FRANCES SHUNK BROWN JR., J.

(SEAL)

IN RE: ) C. P. NO. 4.

**BYLAWS OF THE PENNSYLVANIA  
CREDIT UNION LEAGUE**

**ARTICLE I  
"NAME — HOW CONSTITUTED"**

**Section 1.**

The name of this association of credit unions shall be Pennsylvania Credit Union League.

**Section 2.**

This League shall be composed of credit unions organized under State or Federal laws elected to membership pursuant to *Article IV* hereof.

**ARTICLE II  
"PURPOSES"**

**Section 1.**

The purposes of said League shall be to promote in every way the credit union movement and the credit union movement's philosophy, to provide various services to credit unions in order for them to better serve their own members, and through active cooperation with every agency now existing or which may hereafter be created, to encourage the financial soundness and continued growth of credit unions organized in accordance with State and Federal credit union laws.

**Section 2.**

Other purposes of this League shall include all matters pertaining to the advancement of the credit union development in this State and the effective operation of credit unions therein.

**Section 3.**

To accomplish such purposes, the League may promote, undertake and participate in cooperative efforts and mutual assistance programs with other organizations, including, but not limited to, other state leagues and affiliated credit union organizations, as well as national and international trade associations and credit union affiliated

organizations; provided, however, that such involvement be directly related to the promotion, organization and operation of credit unions.

**ARTICLE III  
"ADMINISTRATION AND  
POWERS IN GENERAL"**

**Section 1.**

The said League shall be managed by a Board of Directors and by officers chosen in the way and manner as provided herein.

**Section 2.**

The said League shall be financed in the way and manner provided by *Article IX* hereof.

**Section 3.**

The said League is empowered, upon its organization, to affiliate with the Credit Union National Association, Inc., in the way and manner provided by the Constitution and Bylaws of said Association.

**Section 4.**

At each regular or special meeting of its members or of its Board of Directors hereinafter provided for, the order of business shall include a statement by the President/CEO of the League relating to the business and affairs of the League since the previous meeting of the membership or its Board of Directors. The President/CEO shall also report on any pertinent actions taken by the League in providing additional services to credit unions and in encouraging the financial soundness and continued growth of member credit unions.

**Section 5.**

In such way and manner as the Board of Directors may from time to time determine, this League is empowered to serve as the State agency in this State for all central activities developed by the Credit Union National Association, Inc.

**Section 6.**

The Board of Directors shall have the power to purchase, lease, or otherwise acquire, real property to be occupied for the League's accommodation in the transaction of its business; or such other real property as it partly so occupies and partly leases to others, and to borrow money for that purpose; provided, however, that such real property shall not be purchased, except upon the favorable vote of at least three-fourths ( $\frac{3}{4}$ ) of the membership of the Board of Directors. The title to said real property shall be taken in the name of the Pennsylvania Credit Union League.

**Section 7.**

A resolution to change the location of the registered office of this corporation may be voted upon by the membership by mail. Such resolution shall be considered adopted upon receipt of the written approval thereof from a majority of the membership. A written certification by an authorized officer of a member credit union that such resolution has been approved or disapproved by the credit union shall be sufficient evidence of the approval or disapproval thereof.

**ARTICLE IV  
"MEMBERSHIP"**

**Section 1.**

Any credit union organized and operating in accordance with the State or Federal credit union law within this State shall be eligible to make application for membership in this State League.

**Section 2.**

Application for membership shall be in writing to the Board of Directors and admission shall be granted upon two-thirds ( $\frac{2}{3}$ ) affirmative vote of the Board of Directors, provided said Board is satisfied that (a) said credit union is in good financial condition and is operating in accordance with standard credit union principles and operating

practices and if (b) it meets with all of the requirements of these Bylaws.

**Section 3.**

The Credit Union National Association, Inc., shall be ex officio a member of this State League and shall be entitled to representation by its authorized representatives with privileges to participate in discussion, but shall have no power to vote.

**Section 4.**

Honorary members may be admitted to this State League upon unanimous vote of the League's Board of Directors; the honorary members shall have the privilege to participate in discussions, but shall have no power to vote.

**ARTICLE V  
"DIRECTORS"**

**Section 1.**

The Board of Directors of this League shall consist of twenty-eight (28) Directors. The election of Directors shall be in the manner provided in *Article VIII* of these Bylaws.

**Section 2.**

The State shall be divided into Districts, which shall continue from year to year until changed at an annual meeting upon recommendation of the Board of Directors, provided that a copy of the proposed change shall be contained in the notice of the meeting.

**Section 3.**

Each District established pursuant to the provisions of *Section 2* of this *Article* shall be entitled to the representation on the Board of Directors to be determined as follows:

- (A) The number of qualified credit unions for the purpose of ascertaining Director representation of each District shall be determined as of December 31, 1973 and shall be

re-determined as of the last day of each succeeding four (4) year period.

- (B) The number of qualified credit unions in the District having the fewest qualified credit unions shall be the base number upon which each District shall be entitled to be represented by one Director.

- (C) Additional Director representation to which each District shall be entitled, if any, shall be determined as follows:

(1) There shall be one Director for each whole multiple of the quotient produced by dividing the remainder of the League membership of qualified and unrepresented credit unions by the remaining Directorships available.

(2) Unfilled Directorships, if any, shall be awarded on the basis of one (1) per District in the order of the highest number of qualified and unrepresented credit unions per District until all Directorships have been filled.

- (3) If a tie should occur in the last round of apportionment, it shall be resolved as follows:

(a) Otherwise qualified credit unions shall be deducted from the count in chronological order beginning with the latest charter date until the tie is broken.

(b) The date of charter application approval by NCUA for federal credit unions, and the date of approval of Articles of Incorporation by the Pennsylvania Department of Banking for state credit unions would be used as chronological factors for breaking the tie.

- (D) For the purpose of determining Director representation, the number of qualified credit unions of each District shall be based upon the number of credit unions which



have their principal offices in such District and which have paid their membership fee, including newly organized credit unions; provided, however, that a credit union in the process of liquidation or discontinuing credit union(s) involved in a merger shall not be deemed a qualified credit union.

- (E) When a change occurs in the number of Directors to which a District is entitled, the Director representation of such District shall be adjusted at the next annual election held under *Article VIII, Section 1* of these Bylaws.
- (F) Not more than one (1) Director shall be elected upon the basis of identical credit union membership.
- (G) In the event of any question arising under this *Section* as to eligibility, the members of the League Board serving unexpired terms shall be the sole judges of the eligibility of any proposed Director.

#### Section 4.

The term of Directors shall be three years; provided, however, that when the Director representation is increased or decreased in a particular District as provided in *Section 3* of this *Article*, such District's election shall be thereafter conducted in such manner as to bring about the election of an approximately equal number of Directors for each year; provided further, however, that when the Director representation is decreased as aforesaid, the terms of all incumbent Directors in that District shall expire at the end of the next annual meeting of members.

#### Section 5.

Regular meetings of the Board of Directors shall be held annually, both prior to and immediately following the annual meeting, and at such other times and places as shall be determined by the Board. Special meetings of the Board may be called by the Chairman of the Board, and shall be

called upon written request of at least five (5) Directors. The Secretary shall give at least five (5) days' written notice to each member of the Board prior to any regular or special meeting. A majority of Directors shall constitute a quorum. The notice of a special meeting shall contain a statement of its purpose and no other business shall be transacted.

#### Section 6.

- (A) If a credit union from which a Director was elected fails to pay its membership fee by March 1 of the current membership fee year or for any reason ceases to be a member of this League, said Director's office shall immediately and automatically become vacant. The Chairman of the Board shall be responsible for notifying the Director that his or her office is vacated, effective immediately.

For purposes of this *Section*, in an instance where the "credit union from which a Director was elected" has been merged with another credit union, the merged credit union and the surviving credit union will be treated as one and the same. Accordingly, providing that the surviving credit union is League-affiliated, is located within the same District from which the Director was elected, has properly paid its membership fee and, further providing that the Director remains a member of the surviving credit union, then, therefore, the vacancy provision in this *Section* shall not be applicable.

- (B) Any vacancies in District Directorships shall be filled by District Elections held under the supervision and regulations of the Pennsylvania Credit Union League. The special election shall be held not less than thirty (30) days, nor more than ninety (90) days after the vacancy occurs; pro-

vided, however, that where an Annual Election is to be held in the District, and the vacancy occurs on or after November 1 and not less than fifteen (15) days prior to the Annual Election, then the special election may be held by separate ballot concurrently with the said Annual Election. The District members shall elect for the balance of the unexpired portion of the term.

**Section 7.**

The Board of Directors, after a hearing by said Board, shall have the power, by a vote of three-fourths (3/4) of the Board membership or more, to remove or recall for cause any Director, officer, member of any committee, any CUNA National Director or the President/CEO.

**Section 8.**

Directors as such shall not receive any stated salary for their services, but the Board, by proper resolution, may authorize a fixed sum, and reimbursement for expenses in attending meetings.

**Section 9.**

The term of office for individuals serving on the Pacul Services, Inc. Board shall automatically terminate when they cease to be Board members of the League.

**Section 10.**

(A) A Director of this League shall stand in a fiduciary relation to this League and shall perform his duties as a Director, including his duties as a member of the Board or a member of any committee of the Board of Directors upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of this League, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his duties, a

Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- (1) One or more officers or employees of this League whom the Director reasonably believes to be reliable and competent in the matters presented.
- (2) Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such a person.
- (3) A committee of the Board of Directors upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause the reliance to be unwarranted.

- (B) In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors, and individual Directors may, in considering the best interests of this League, consider the effects of any action upon employees, upon suppliers and customers of this League and upon communities in which offices or other establishments of this League are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of paragraph (A) hereof.
- (C) Absent a breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action

shall be presumed to be in the best interests of this League.

(D) A Director of this League shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(1) The director has breached or failed to perform the duties of his office under paragraph (A); and

(2) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(E) The provisions of paragraph (D) hereof shall not apply to:

(1) The responsibility or liability of a Director pursuant to any criminal statute; or

(2) The liability of a Director for the payment of taxes pursuant to local, state, or federal law.

#### ARTICLE VI "OFFICERS AND COMMITTEES"

##### Section 1.

The Directors at their first meeting following each annual meeting shall elect from their own number a Chairman of the Board, a Vice-Chairman, a Secretary and a Treasurer, all to serve for one year.

##### Section 2.

The Chairman of the Board, Vice-Chairman, Secretary, and Treasurer shall perform the usual functions of their respective offices and such other duties as may be prescribed by the Board of Directors from time to time. Except as otherwise designated by the Board of Directors, the Treasurer shall manage the finances of the League under the direction of the Directors; he shall be adequately bonded.

##### Section 3.

The Chairman of the Board, Vice-Chairman,

Secretary, Treasurer, the last retiring Chairman of the Board who is a League Director currently serving on the Board, the Chairman of Pacul Services, Inc., and such other Directors as the Board may elect shall constitute an Executive Committee, which shall meet as often as the business of the League warrants. Between meetings of the Board of Directors, the Executive Committee shall exercise the powers of the Board, except as the Board may otherwise determine by resolution or shall have been specifically reserved in these Bylaws unto the Board of Directors. Executive Committee meetings may be called by the Chairman of the Board. Executive Committee meetings must be called by the Chairman of the Board upon the written request of at least four (4) members of the Committee. The Secretary shall give at least five (5) days' written notice to each member of the Executive Committee. Notice of a meeting of the Executive Committee shall be sent to all members of the Board of Directors and any member of the Board shall have the privilege at his own expense of attending such meeting. The notice of the meeting shall contain a statement of its purpose and no other business shall be transacted. Notwithstanding anything herein to the contrary, the Executive Committee may be convened in telephone conference by the Chairman upon at least one (1) day's prior notice given in any form to each Executive Committee member's office or home; otherwise, such conference call meeting shall be conducted in accordance with the requirements and rules pertaining to in-person meetings of the Executive Committee except that no advance notice need be given to the Board of Directors.

##### Section 4.

In the event of the death, resignation of, or other vacancy in the office of the Chairman of the Board, the Vice-Chairman shall immediately succeed to the vacant office and serve in that capacity for the balance of the one (1) year term. In the

event of the absence or disability of the Chairman of the Board to perform the duties and exercise the powers of his office, the Vice-Chairman shall act as Chairman.

**Section 5.**

In the event of the death, resignation of, or other vacancy in the office of Secretary or Treasurer, or in the absence or disability of either officer to perform the duties and exercise the powers of his respective office, the other officer shall so serve until the election of a successor for the balance of the one (1) year term at the next Board Meeting, or the resumption of duties of the absent or disabled officer, as the case may be.

**Section 6.**

→ In accordance with provisions of the Constitution and Bylaws of the Credit Union National Association, Inc., the Board of Directors may elect from its own membership such number of CUNA National Directors as allocated by the Credit Union National Association, Inc. In addition, the President/CEO of this League shall be appointed a CUNA National Director, without submission to election, for continuous three (3) year terms as set forth below. The Board of Directors shall fix by Resolution adopted from time to time the number of CUNA National Directors who shall serve in accordance with this Section. The term of office as CUNA National Director shall be for a period of three (3) years except that the Board of Directors shall elect such number of CUNA National Directors for periods of less than three (3) years so that a majority of CUNA National Directors will not be elected in any one year except for election to fill unexpired terms. Termination of memberships on the Board of Directors shall also immediately and/or simultaneously terminate the office of CUNA National Director. Any vacancy occurring in a CUNA National Directorship shall be filled by the League Board at the next regularly scheduled meeting of the League Board.

**Section 7.**

(A) Positions in any elective office of the League, including officers of the Board and CUNA National Directors and Alternate CUNA National Directors, shall be filled by a vote of a majority of the whole number of Directors fixed by the Bylaws.

(B) Where the voting is for a single office, if no candidate is elected on the first ballot, the balloting shall continue; provided that, in the event no candidate has been elected by the fourth ballot, the candidate with the highest number of votes on that ballot shall be elected to the office. If more than one candidate is tied for the highest number of votes on that ballot, the office shall be filled by lot from among the candidates so tied. All ballots after the first ballot shall be between the candidate(s) with the highest and next to highest total of votes on the previous ballot, except that, where there has been a tie for the highest number of votes on the previous ballot, the subsequent ballot shall be between only the candidates so tied.

Where the voting is for several offices, and all offices are not filled on the first ballot, the balloting shall continue from among the remaining candidates until all offices are filled, with the candidates for the final office to be filled being elected as provided in paragraph (B) hereof.

**Section 8.**

The Chairman of the Board shall appoint such committees as are authorized by the Board. The Chairman of the Board shall also have the power to appoint, from time to time, such other committees as the business of the League requires.

**ARTICLE VII  
"PRESIDENT/CEO"**

**Section 1.**

The Board of Directors shall appoint from the credit union membership a President/Chief Executive Officer.

**Section 2.**

The President/CEO, under the direction of the Board of Directors, shall in general manage the business of the League and shall perform such other duties as may be prescribed by the Board of Directors from time to time. At each meeting of the members of the League and of its Board of Directors, the President/CEO shall present a complete report of the conduct of that office since the previous meeting, and shall render at any time such other reports as may be required by the Board of Directors or the Executive Committee.

**ARTICLE VIII  
"ELECTIONS"**

**Section 1.**

Elections for District Directors will be made by the member credit unions of the respective Districts during the month of March under regulations of this League and under the supervision of the designated representative of this League, such representative to be appointed by the Chairman of the Board. Delegates must be members of the credit union they represent at the District Election. Each candidate must be a member of a League affiliated credit union whose principal office is located within the District from which such candidate seeks election. No candidate for the League Board of Directors may use League supplies, including League stationery, in the course of and as part of his or her campaign, except in the case where materials and supplies are furnished by the League to all candidates. Further, no candidate shall represent, either explicitly or implicit-

ly, League endorsement of his or her candidacy. Any dispute arising under this Section will be settled by a committee appointed by the Chairman of the Board whose decision will be final.

**Section 2.**

Quorum requirements or minimum number of votes required to validate a District Election shall be established by regulations of the Board of Directors; however, the number required shall never exceed ten (10) percent of all member credit unions in the District as of December 31 of the preceding year. If a quorum is not present at a District Election meeting or if there are insufficient votes to validate a District Election, the meeting and election shall be adjourned until a date established in accordance with procedures set forth in the League Regulations for Nominations and Election of District Directors, and, if deemed necessary by the Board, such adjourned meeting or re-election may be held or conducted in a month subsequent to March. The results of such re-election shall stand regardless of the number participating.

**Section 3.**

All elections shall be determined by plurality vote, and shall be by ballot except where there is only one nominee for the directorship.

**Section 4.**

This Article shall be applicable to special elections held under Article V, Section 6(B), except as otherwise therein provided.

**ARTICLE IX  
"FINANCES"**

**Section 1.**

This League shall derive the revenue to meet its operating expenses through annual membership fees to be paid by its member credit unions.

KS - file with FEC. Statement



FEDERAL ELECTION COMMISSION  
1325 K Street, N.W.  
Washington, D.C. 20463

ACKNOWLEDGEMENT OF RECEIPT  
OF  
Statement of Organization

Filed pursuant to the Federal Election Campaign Act of 1971, as amended

Pennsylvania Credit Union Legislative Action  
Committee (PACULAC)  
P.O. Box 5133  
Harrisburg, PA 17110

DATE: 4/27/79

NOTICE REGARDING FILINGS  
UNDER THE FEDERAL ELECTION CAMPAIGN ACT OF 1971, AS AMENDED

Your assigned FEC IDENTIFICATION NUMBER is C00109397

In the future this number should be entered on all subsequent reports filed under the Act, as well as on all communications concerning such reports and statements. This acknowledgement will be the only receipt provided directly by the Commission, for documents filed. The Commission recommends that all future filings be mailed Certified or Registered, Return Receipt Requested, in order to insure timeliness of your filings and to provide additional receipts for your records.

FEDERAL ELECTION COMMISSION

FEC FORM 20 (10/12/76)  
(Supersedes FEC Forms 13, 14, and 15)  
GPO 909-680

filed with FEC & Dept of State

FEC Form 1  
July 1976  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

### Statement of Organization For a Political Committee

Supporting any candidate(s) for federal office and anticipating contributions or expenditures in excess of \$1,000 in any calendar year in support of such candidate(s).  
(See Reverse Side For Instructions.)

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1(a) Name of Committee (in full) <input type="checkbox"/> Check if name or address is changed <b>Pennsylvania Credit Union Legislative Action Committee (PACULAC)</b>	2 Identification Number
(b) Address (number and street) <b>Post Office Box 5133</b>	3 Date <b>April 20, 1979</b>
(c) City, State and ZIP code <b>Harrisburg, Pa. 17110</b>	4 Is this an amended statement <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "YES" FILL IN ONLY THOSE LINES ON WHICH THERE HAS BEEN A CHANGE

5 Check one:

(a) This committee has been designated as the principal campaign committee for \_\_\_\_\_ (Name of Candidate) a candidate for \_\_\_\_\_ (Federal office sought) in the \_\_\_\_\_ (Year of election) Election to be held in the State of \_\_\_\_\_ (State in which election is held)  
(THE PRINCIPAL CAMPAIGN COMMITTEE WILL FORWARD TO THE COMMISSION A COPY OF THE STATEMENT OF ORGANIZATION FOR EACH AFFILIATED COMMITTEE REQUIRED TO FILE WITH IT.)

(b) This committee is supporting only one candidate, and is authorized by \_\_\_\_\_ (Name of Candidate) to receive contributions and make expenditures with respect to the \_\_\_\_\_ (General, Primary, Runoff, etc) Election(s) held in \_\_\_\_\_ (Year of election in State), and will file all reports and statements with the candidate's principal campaign committee. \_\_\_\_\_ (Full name of principal campaign committee)  
(ATTACH A COPY OF CANDIDATE'S WRITTEN AUTHORIZATION.) (FEC FORM 2a)

(c) This committee supports only one candidate \_\_\_\_\_ (Name of Candidate) but is not an authorized committee.

(d) This committee supports more than one Federal candidate and is not a party committee.

(e) This committee is a \_\_\_\_\_ (National, State, county, city) committee of the \_\_\_\_\_ (Democratic, Republican, etc.) Party.

6 Names of affiliated end/or connected organizations	Mailing address and ZIP code	Relationship
Pennsylvania Credit Union League	4309 North Front Street Harrisburg, Pa. 17110	Sponsor
Credit Union National Association, Inc.	Post Office Box 431 Madison, Wisconsin 53701	Affiliated trade association
CULAC	1730 Rhode Island Avenue, Suite 810 Washington, D.C. 20036	Affiliated political action committee

If the registering political committee has identified a "connected organization" above, please indicate type of organization:  
 Corporation  Labor organization  Membership organization  Trade association  Cooperative  
 Corporation without capital stock  Other (please specify)

Submit additional information on separate continuation sheets appropriately labeled and attached to this Statement of Organization. Indicate in the appropriate section above when information is continued on separate page(s).

Goto Page #  Next Page Last Page  
 TO REPORTS INDEX NEW SEARCH NEW ADVANCED SEARCH

### STATEMENT OF ORGANIZATION

(See reverse side for instructions)

RECEIVED  
 FEDERAL ELECTION  
 COMMISSION MAIL ROOM SEP 17 1997  
 58 22 12 51 PM '97

1. (a) NAME OF COMMITTEE IN FULL <b>PA Credit Union Legislative Action Comm.</b>	<input type="checkbox"/> (Check if name is changed)	2. DATE <b>9/10/97</b>
(b) Number and Street Address <b>1309 N. Front Street</b>	<input type="checkbox"/> (Check if address is changed)	3. FEC Identification Number <b>109397</b>
(c) City, State and ZIP Code <b>Harrisburg, PA 17110</b>		4. Is This Report An Amendment? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

5. TYPE OF COMMITTEE (Check one)

- (a) This committee is a principal campaign committee. (Complete the candidate information below.)
  - (b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)
- | Name of Candidate | Candidate Party Affiliation | Office Sought | State/District |
|-------------------|-----------------------------|---------------|----------------|
|                   |                             |               |                |
- (c) This committee supports/opposes only one candidate \_\_\_\_\_ and is NOT an authorized committee. (name of candidate)
  - (d) This committee is a \_\_\_\_\_ committee of the \_\_\_\_\_ Party. (National, State or subordinate) (Democratic, Republican, etc.)
  - (e) This committee is a separate segregated fund. (PAC)
  - (f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund or a party committee.

6. Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship
PA Credit Union League	4309 N. Front Street Harrisburg, PA 17110	Parent Org.
Credit Union Legislative Action Committee (CULAC)	805 15th Street, 300 Washington D.C. 20005-2207	National Org.

Type of Connected Organization  
 Corporation  Corporation w/o Capital Stock  Labor Organization  Membership Organization  Trade Association  Cooperative

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name: **Tara Lightner** Mailing Address: **4309 N. Front street, Harrisburg, PA 17110** Title or Position: **Lobbyist**

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name: **Georgeann Lawson** Mailing Address: **117 Penn. Avenue West, P.O. Box 783, Warren, PA 16365-5420** Title or Position:

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.: **Pennsylvania Central FCU** Mailing Address and ZIP Code: **959 East Park Drive, Harrisburg, PA 17111-2810**

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER <b>Georgeann D. Lawson</b>	SIGNATURE OF TREASURER <i>Georgeann D. Lawson</i>	DATE <b>9/13/97</b>
---	--	------------------------

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. 9437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

For further information contact:  
 Federal Election Commission  
 Toll-free 800-424-9630  
 1-800-424-9630

FEBAN053

FEC FORM 1  
 (revised 4/87)



FORM 8876-CU 10-22-

# ORGANIZATION CERTIFICATE

~~SAN ANTONIO TEL. EMPLOYEES~~ FEDERAL CREDIT UNION.

To the Governor of the Farm Credit Administration:

We, the undersigned, with the common bond of association indicated hereafter, do hereby apply for permission to organize and to operate a Federal credit union for the purposes indicated in and in accordance with the provisions of Public Act No. 467 of the 73d Congress entitled "An Act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States"; we agree to comply with the requirements of said Act, with the terms of this organization certificate and with all laws, rules and regulations applicable now or later to Federal credit unions; and we hereby certify that:

(1) The name of this credit union shall be \_\_\_\_\_

~~SAN ANTONIO TEL. EMPLOYEES~~ Federal Credit Union.

(2) This credit union will maintain its office at \_\_\_\_\_

*Amended* ~~S. T. Bell Telephone Company, San Antonio, Texas~~

and will operate in the following territory ~~SAN ANTONIO, TEXAS~~

(3) The names and addresses of the subscribers to this certificate and the number of shares subscribed by each are as follows\*:

(TO BE TYPED OR PRINTED)

FULL NAME	HOME ADDRESS	NO. OF SHARES SUBSCRIBED FOR
<del>Chas. Ralph Schubert</del>	<del>1128 Drenel, San Antonio, Tex.</del>	<del>1</del>
<del>C. J. Sweeney</del>	<del>820 S. Whittier St., San Antonio</del>	<del>1</del>
<del>L. E. Rollinger</del>	<del>364 Kearns, San Antonio, Tex.</del>	<del>1</del>
<del>Alfred Ahrens</del>	<del>1035 Calobra Ave., San Antonio</del>	<del>1</del>
<del>Chas. W. Brown</del>	<del>248 Glenwood, _____</del>	<del>1</del>

\* AT LEAST SEVEN SUBSCRIBERS ARE REQUIRED.

<u>Russell Davis</u>	<u>215 E. Craig Pl</u>	<u>1</u>
<u>Clifton Bruce</u>	<u>1572 W. Woodlawn</u>	<u>1</u>
<u>Don Fred Pettus</u>	<u>807 Sibley Ave</u>	<u>1</u>
<u>Walter Knight Jr</u>	<u>1572 W. Woodlawn Ave</u>	<u>1</u>
<u>V.M. Boyd</u>	<u>1421 W. French St</u>	<u>1</u>

(4) The par value of the shares of this credit union shall be \$5.00.

(5) The proposed field of membership will be limited to those having the following common bond of association, occupation or residence

All employees of the Southwestern Bell Telephone Company in

San Antonio, Texas; members of their immediate families and any association of such employees.

(6) The term of this credit union's existence shall be perpetual; provided, however, that the Governor of the Farm Credit Administration may suspend or revoke this organization certificate upon his finding that this credit union is bankrupt or insolvent or has violated any provision of this organization certificate, of the bylaws, of the Federal Credit Union Act including any amendments thereto or thereof, or of any regulations issued thereunder.

(7) This certificate is made to enable the undersigned to avail themselves of the advantages of said Act.

(8) The management of this credit union, the conduct of its affairs, and the powers, duties and privileges of its directors, officers, committees and membership shall be as set forth in these attached bylaws and any amendments thereto or thereof approved by the Governor of the Farm Credit Administration.

IN WITNESS WHEREOF we\* have hereunto subscribed our names this 2<sup>nd</sup> day of Dec, 1995.

SIGNATURE

SIGNATURE

<u>Clifton Bruce</u>	<u>Russell Davis</u>
<u>W.M. Boyd</u>	<u>Walter Knight Jr</u>
<u>Don Fred Pettus</u>	<u>Don Fred Pettus</u>
<u>Alfred Abrams</u>	<u>Alfred Abrams</u>

\* AT LEAST SEVEN SIGNERS.

State of Texas  
County of Brewer } ss

BEFORE ME, the undersigned, a Notary Public, in and for said State  
and County this 2nd day of Jan., 1996, personally  
appeared Clifton Duce J. B. Davis Russell Davis  
Alfred Ahrens W. M. Bost Gustav Adelphi  
Walker Knight Ch. Schrock Chas W. Bost

subscribers to the foregoing Organization Certificate and acknowledged the same to be their free act and deed.

Anna ... Hoagcraft  
Notary Public

(SEAL)

My Commission Expires: 5/21/97

The foregoing Organization Certificate is approved by me, pursuant to the provisions of Section 4 of the Federal Credit Union Act.

W. S. Myers, 1996  
Governor, Farm Credit Administration

By: W. S. Hoagcraft

FOA 307-CU 8-18-35

# LIST OF SUBSCRIBERS

December 18th, 1935.  
 (Date)

San Antonio Tel. Employee's

FEDERAL CREDIT UNION (Proposed)

(PLEASE TYPE OR PRINT)

NAME OF SUBSCRIBER	HOME ADDRESS	SUBSCRIPTION (Shares)
C. A. Behnsch	1128 Drexel, San Antonio, Texas.	1.
G. A. Denecamp	522 E. Whittier St. San Antonio, Tex.	1.
L. R. Bellinger	354 Hearne, San Antonio, Texas.	1.
Alfred Ahrens	1035 Culebra Ave., San Antonio, Texas.	1.
Chas Wm. Brown	246 Glenwood St., San Antonio, Texas.	1
Russell Davis	215 E. Craig Place, San Antonio, Texas.	1.
Clifton Bruce	1528 W. Woodland Ave. San Antonio, Tex.	1.
Gas Fred Peltzer	307 Schley Ave., San Antonio, Texas.	1.
Wilbur Wright Jr	1512 West Woodland Ave. San Antonio, Tex.	1.
W. L. Boyd	1421 W. French, San Antonio, Texas.	1.

# CERTIFICATE OF APPROVAL OF AMENDMENT OF CHARTER/BYLAWS

San Antonio Telephone \_\_\_\_\_ Federal Credit Union,  
Charter No. 926, San Antonio, Texas \_\_\_\_\_

WHEREAS, formal request has been submitted by the officials of this Federal credit union that the following amendment of its charter/bylaws be approved:

Article VIII, section 7, of the bylaws shall be amended to read as follows:

"The board shall employ, fix the compensation, and prescribe the duties of such employees as may in the discretion of the board be necessary, and have the power to remove such employees, unless it has delegated these powers to the treasurer or manager; except that neither the board, the treasurer, nor the manager shall have the power or the duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee, or necessary clerical and auditing assistance employed or utilized by the supervisory committee: Provided, however, That no director or committee member may be a paid employee of this credit union for a minimum of two years from the date the official terminates his/her position as a director or committee member unless the employee position to be filled exists as the result of a death or disability."

AND WHEREAS, it appears that the requirements of article XXI of the bylaws have been fulfilled, and that the amendment is in the best interests of the members and is not inconsistent with Law.

NOW, THEREFORE, pursuant to the provisions of the Federal Credit Union Act, the foregoing submitted amendment of the charter/bylaws of the above Federal credit union is hereby approved this 1st day of October, 1980.

  
\_\_\_\_\_  
LAWRENCE CONNELL, JR.  
ADMINISTRATOR

NATIONAL CREDIT UNION ADMINISTRATION  
WASHINGTON, D. C.

By:   
\_\_\_\_\_  
REGIONAL DIRECTOR

## CERTIFICATE OF APPROVAL OF AMENDMENT OF CHARTER/BYLAWS

San Antonio Telephone Federal Credit Union,  
Charter No. 926, San Antonio, Texas

WHEREAS, formal request has been submitted by the officials of this Federal credit union that the following amendment of its charter/bylaws be approved:

Article V, section 2 of the bylaws shall be amended to read as follows:

"At least 75 days before the date of any annual or special meeting of the members, the secretary shall cause written notice thereof to be handed to each member in person, or mailed to each member at his address as the same appears on the records of this credit union. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote thereat who are not present at such meeting shall in writing waive notice thereof, before, during, or after the meeting.

"Notice of any special meeting shall state the purpose for which it is to be held, and no business other than that related to this purpose shall be transacted at the meeting."

Article VI, section 1 of the bylaws shall be amended to read as follows:

"At least 120 days prior to each annual meeting the president shall appoint a nominating committee of not fewer than three members. It shall be the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee shall file its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary shall notify in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by one percent of the members with a minimum of 20 and a maximum of 500.

"The written notice shall indicate that the election will not be conducted by mail ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in such form as shall be approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition shall submit a similar statement of qualifications and biographical data with the petition. The written notice shall state the closing date for receiving nominations by petition. The written notice shall also include the date and time of the annual meeting. The period for receiving nominations by petition shall

Charter No. 926  
Page No. 2

in all cases, extend at least 30 days from the date the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective such nominations shall be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations shall be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary shall cause such nominations along with those of the nominating committee to be posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting."

Article VI, section 2 of the bylaws shall be amended to read as follows:

"All elections shall be determined by plurality vote and shall be by mail ballot except where there is only one nominee for each position to be filled. Nominations shall not be made from the floor unless sufficient nominations have not been made by the nominating committee or by petition to provide for one nominee for each position to be filled or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee shall be subject to nominations from the floor. In the event nominations from the floor, when permitted herein, result in more than one nominee for a position to be filled, and when nominations have been closed, tellers shall be appointed by the president, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and the results announced. When only one member is nominated for each position to be filled, the chair may take a voice vote or declare each nominee elected by general consent or acclamation at the annual meeting."

Article VI, section 8 of the bylaws shall be added to read as follows:

"Except as provided in section 2 of this Article, all elections shall be by mail ballot, subject to the following conditions:

a. The tellers of elections shall be appointed by the board of directors.

b. Sufficient nominations having been made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary shall, at least 30 days prior to the annual meeting, cause printed ballots to be mailed to all members eligible to vote.

c. The secretary shall cause the following materials to be mailed to each eligible voter:

(1) One ballot, clearly identified as such, on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees shall have been printed in order as determined by the draw of lots. The name of each candidate shall be followed by a brief statement of qualifications and biographical data in such form as shall be approved by the board of directors.

Charter No. 926  
Page No. 3

(2) One envelope clearly marked with instructions that the completed ballot shall be placed therein and the envelope sealed.

(3) One identification form to be completed so as to include the name, address, signature and credit union account number of the voter.

(4) One mailing envelope in which the voter, pursuant to instructions provided, shall insert the sealed ballot envelope and the identification form, and which shall have been postage prepaid and preaddressed for return to the tellers of the election.

(5) When properly designed, one form can be printed that represents a combined ballot/identification form, and postage prepaid and preaddressed return envelope.

d. It shall be the duty of the tellers of election to verify, or cause to be verified, the name of the voter and his credit union account number as appearing on the identification form; to place the verified identification form and the sealed ballot envelope in separate places of safekeeping pending the count of the vote; in the case of questionable or challenged identification form, to retain the identification form and sealed ballot envelope together until the verification or challenge has been resolved.

e. Ballots mailed to the tellers of election must be received by the tellers no later than midnight 5 days prior to the date of the annual meeting.

f. Voting shall be closed at the midnight deadline specified in subsection e. hereof and the vote shall be tallied by the tellers of election. The result shall be verified at the annual meeting and the president shall make public the result of the vote at the annual meeting."

AND WHEREAS, it appears that the requirements of article XXI of the bylaws have been fulfilled, and that the amendment is in the best interests of the members and is not inconsistent with Law,

NOW, THEREFORE, pursuant to the provisions of the Federal Credit Union Act, the foregoing submitted amendment of the charter and/or bylaws of the above Federal credit union is hereby approved this 27th day of June, 19 80.

National Credit Union Administration  
Washington, D.C.

  
LAWRENCE CONNELL, JR.  
ADMINISTRATOR

By:   
REGIONAL DIRECTOR



RECEIVED MAR 7 1980

CERTIFICATION OF RESOLUTION OF BOARD OF DIRECTORS

ADOPTING AMENDMENT TO BYLAWS

We, the undersigned, president and secretary of the San Antonio  
Telephone Federal Credit Union,  
Charter No. 926, San Antonio, Texas hereby certify:  
(city, state)

That by affirmative vote of two-thirds of the members of the board at a  
duly held meeting thereof on August 15, 1978 the  
following resolution was adopted:

BE IT RESOLVED: That the following amendments of this credit union's bylaws  
are hereby adopted, as set forth below and approved in advance by the  
Administrator, National Credit Union Administration, to be effective immedi-  
ately:

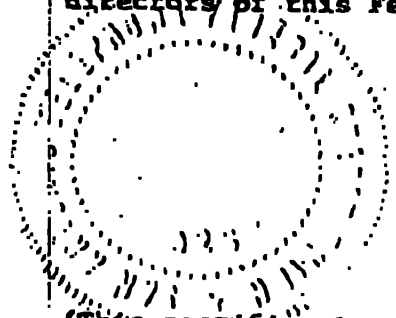
CERTIFICATE

Article XIV, Section 2, of the bylaws shall be amended to read as follows:

"No dividend shall be declared or paid at a rate in excess of the  
maximum dividend rates set forth in regulations."

That notice of the above meeting was given to board members in accordance  
with Article XXI, Section 1, of the bylaws:

That the foregoing resolution, together with the names of directors voting  
for the amendments, those voting against the amendments, and those absent  
from the meeting have been entered in full in the minutes of the board of  
directors of this Federal credit union.



Norman W. Steinbach  
President  
Norman W. Steinbach  
Jane E. Kersey  
Secretary  
Jane E. Kersey

(This certification is to be executed in triplicate. The original is to be  
filed with the official bylaws. Two copies are to be sent to the regional  
office, NCUA)

**CERTIFICATION OF RESOLUTION OF BOARD OF DIRECTORS  
ADOPTING AMENDMENT TO BYLAWS**

We, the undersigned, president and secretary of the San Antonio  
Telephone Federal Credit Union,

Charter No. 926, San Antonio, Texas hereby certify:  
(city, state)

That by affirmative vote of two-thirds of the members of the board at a  
duly held meeting thereof on March 16, 78 the  
following resolution was adopted:

**BE IT RESOLVED:** That the following amendments of this credit union's bylaws  
are hereby adopted, as set forth below and approved in advance by the  
Administrator, National Credit Union Administration, to be effective immedi-  
ately:

**CERTIFICATE**

Article II, Section 2, of the bylaws shall be amended to read as follows:

"Applications for membership from persons eligible to membership under  
section 5 of the charter shall be signed by the applicant on forms approved  
by the board. Upon approval of such an application by a majority of the  
directors or a majority of the members of a duly authorized executive com-  
mittee or by a membership officer and upon his/her subscription to at least  
one share of this credit union and the payment of the initial installment  
thereon, and the payment of a uniform entrance fee if required by the board,  
the applicant is admitted to membership. If a membership application is  
denied, the reasons therefor shall be furnished in writing to the person  
whose application is denied, upon written request."

Article III, Section 5, of the bylaws shall be amended to read as follows:

"Money paid in on shares or installments of shares may be withdrawn as  
provided in these bylaws or regulation on any day when payment on shares  
may be made: Provided, however, That

(a) The board shall have the right, at any time, to require members  
to give, in writing, not more than 60 days notice of intention to withdraw  
the whole or any part of the amounts so paid in by them.

(b) The board may determine that if shares are paid in under an  
accumulated payroll deduction plan, as prescribed in the Accounting Manual

for Federal Credit Unions, they may not be withdrawn until credited to members' accounts.

(c) No member may withdraw shareholdings that are pledged as required security on loans without the written approval of the credit committee or a loan officer, except to the extent that such shares exceed the member's total primary and contingent liability to the credit union. "Required security" as used in this subsection refers to shares which are in existence at the time the application is made and specifically required to be pledged as security as part of a secured transaction.

(d) No member may withdraw any shareholdings below the amount of his/her primary or contingent liability to the credit union if he/she is delinquent as a borrower, or if borrowers for whom he/she is comaker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer; except that shares issued in an irrevocable trust as provided in section 6 of this article are not subject to restrictions upon withdrawal except as stated in the trust agreement.

(e) The share account of a person whose membership is terminated in accordance with article II, section 5, of these bylaws may be continued until the close of the dividend period in which the membership terminated, after which it shall be transferred to an account payable. The share account of a deceased member (other than one held in joint tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed, but not to exceed a period of two years."

Article III of the bylaws shall be amended by adding a new section to read as follows:

"SECTION 6: Shares may be issued in a revocable or irrevocable trust, subject to the following:

(a) When shares are issued in a revocable trust, the settlor must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated.

(b) When shares are issued in an irrevocable trust, the settlor or the beneficiary must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations shall be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

(c) Trust accounts established prior to the effective date of this section shall not be affected. Trusts may be established pursuant to this section, provided such trusts, their terms and conditions are in accordance with the laws of this jurisdiction."

Article VII, Section 7, of the bylaws shall be amended to read as follows:

"If a director or a credit committee member fails to attend regular meetings of the board or credit committee, respectively, for 3 consecutive months, or otherwise fails to perform any of the duties devolving upon him/her as a director or a credit committee member, his/her office may be declared vacant by the board and the vacancy filled as herein provided. The board may remove any executive officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

"When any executive officer, membership officer, executive committee member or investment committee member is absent, disqualified, or otherwise unable to perform the duties of his/her office, the board may by resolution designate another member of this credit union to act temporarily in his/her place. The board may also, by resolution, designate another member or members of this credit union to act on the credit committee when necessary in order to obtain a quorum."

Article VIII, Section 5(d), of the bylaws shall be amended to read as follows:

"Within 7 days after the close of each month, prepare and submit to the board financial statements showing the condition of this credit union as of the end of the month. He/She shall promptly post copies of such statements in a conspicuous place in the office of this credit union where they will remain until replaced by the financial statements for the next succeeding month."

Article VIII, Title and Sections 9, 10, 11, and 12 of the bylaws shall be amended to read as follows:

"Article VIII. Executive Officers, Executive Committee, Investment Committee and Management Staff (*italics*)

SECTION 9. The board may appoint an executive committee of not fewer than three directors, to act for it with respect to specifically delegated functions and subject to such limitations as prescribed by the board.

SECTION 10. The board may appoint one or more membership officers from among the members of this credit union to approve applications for membership under such conditions as the board and these bylaws may prescribe. Such membership officer or officers may not be a person authorized to disburse funds.

SECTION 11. The board may appoint an investment committee composed of not less than two to have charge of making investments under rules and procedures established by the board.

SECTION 12. No member of the executive committee, or investment committee, or membership officer may be compensated as such. Members of the executive committee, investment committee and membership officers shall serve at the pleasure of the board of directors."

Article IX, Sections 4, 6, 7, and 8 of the bylaws shall be amended to read as follows:

"SECTION 4. The credit committee may, by majority vote of its members, appoint one or more loan officers to serve at its pleasure, and delegate to him/her or them the power to approve application for loans or lines of credit, share withdrawals, releases and substitutions of security, within limits specified by the committee and within limits of applicable law and regulations. Not more than one member of the committee may be appointed as a loan officer. Each loan officer shall furnish to the committee a record of each transaction approved or not approved by him/her within 7 days of the date of the filing of the application or request, and such record shall become a part of the records of the committee. All applications or requests not approved by a loan officer shall be acted upon by the committee. No individual may disburse funds of this credit union for any application or share withdrawal which he/she has approved as a loan officer.

SECTION 6. The credit committee or loan officer shall inquire into the character and financial condition of each applicant for a loan or line of credit and his/her sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The credit committee and its appointed loan officers shall endeavor diligently to assist applicants in solving their financial problems.

SECTION 7. No loan or line of credit shall be made unless approved by the committee or a loan officer in accordance with applicable law and regulations.

SECTION 8. Subject to the limits imposed by applicable law and regulations, these bylaws, and the general policies of the board, the credit committee, or a loan officer, shall determine the security if any required for each application and the terms of repayment. The security furnished shall be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference shall be given, in all cases, to the smaller applications if the need and credit factors are nearly equal."

Article XII, Title and Sections 2, 3, 4, 5, and 6 shall be amended and Sections 3, 4, 5, 6, and 7 shall be renumbered to read as follows:

"Article XII. Loans to Members and Lines of Credit to Members (*italics*)

SECTION 2. Within the limitations prescribed by applicable law and regulations, the board shall fix from time to time the interest rates on loans, the rate of interest refund, if any, to be made to members, the maximum maturities and terms of payment or amortization of loans to members, the security, and the maximum amount which may be loaned. When

by action of the board, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans.

SECTION 3. Lines of credit may be extended to members in accordance with applicable law and regulations. The board shall fix from time to time the interest rates, the maximum maturity, terms of payment or amortization, the security, and the maximum amount which may be loaned under a line of credit agreement within the limitations prescribed by applicable law and regulations.

SECTION 4. The aggregate amount of loans and lines of credit to any one member and the terms and conditions of such loans and lines of credit shall not exceed the limits permitted by applicable law and regulations.

SECTION 5. Any loan or line of credit made to a director or member of the credit or supervisory committees shall be in compliance with the Act and regulations. Directors or members of the credit or supervisory committees may act as comaker, endorser or guarantor for borrowers from this credit union, subject to the provisions of the Act and regulations.

SECTION 6. A borrower may repay his/her loan prior to maturity, in whole or in part, on any business day without penalty.

SECTION 7. Applications for loans or lines of credit shall be on forms prepared and furnished by the credit committee and shall in each case set forth the security, if any, and such other data as may be required by the committee or by applicable law and regulations.

SECTION 8. Subject to the limitations of applicable law and regulations, any member whose loan is delinquent for a period of 1 week or more may be required by the board to pay a late charge of 20 percent of the interest due, with a minimum of not less than 5 cents."

Article XIII, Section 1, of the bylaws shall be amended to read as follows:

"All amounts as required by the Act and regulations, shall be set aside as a regular reserve: Provided, however, (*italics*) That when the regular reserve thus established shall reach the minimum balance required by the Act and regulations, no further transfers shall be required except up to such amounts permitted by law and as may be needed to maintain such minimum balance. Amounts in excess of the above requirements may be transferred to the regular reserve by authorization of the board. The regular reserve shall be used only for losses as authorized by applicable law and regulations."

Article XIV, Sections 1 and 2 of the bylaws shall be amended (Section 3 shall be deleted) to read as follows:

"SECTION 1. The board shall establish dividend periods and declare dividends as permitted by the Act and applicable regulations.

SECTION 2. No dividend shall be declared or paid at a rate in excess of:

- (a) 7 percent per annum on share accounts,
- (b) 7 3/4 percent per annum on share certificate accounts."

Article XVII, Section 1, of the bylaws shall be amended to read as follows:

"Shares may be issued in the name of a minor."

Article XVIII, Section 1, of the bylaws shall be amended by adding a new subsection (i) to read as follows:

"(i) "Share" or "shares" means all classes of shares and share certificates that may be held in accordance with applicable law and regulations."

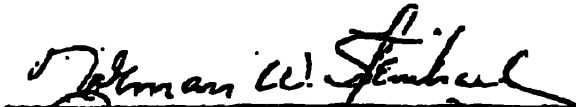
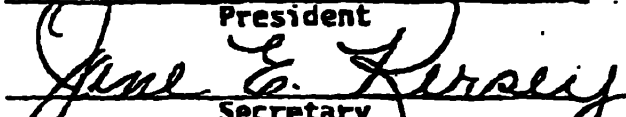
Article XIX, Section 2, of the bylaws shall be amended to read as follows:

"The officers, directors, members of committees and employees of this credit union shall hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with the making of loans and the collection thereof and extending lines of credit.

"Notwithstanding the above, the board of directors may authorize participation in a credit reporting agency if it has determined that use of such an agency is essential in the making of loans and extending lines of credit and that information supplied by the credit union concerning its members will be made available only to legitimate lenders belonging to that agency."

That notice of the above meeting was given to board members in accordance with Article XXI, Section 1, of the bylaws:

That the foregoing resolution, together with the names of directors voting for the amendments, those voting against the amendments, and those absent from the meeting have been entered in full in the minutes of the board of directors of this Federal credit union.

  
President  
  
Secretary

(This certification is to be executed in triplicate. The original is to be filed with the official bylaws. Two copies are to be sent to the regional office, IICU)

**CERTIFICATION OF RESOLUTION OF BOARD OF DIRECTORS  
ADOPTING REVISED STANDARD BYLAWS FOR FEDERAL CREDIT UNIONS**

We, the undersigned, president and secretary of the SAN ANTONIO TELEPHONE  
Federal Credit Union,  
Charter No. 926, SAN ANTONIO, TEXAS, hereby certify:

That by affirmative vote of two-thirds of the members of the board at a duly held  
meeting thereof on OCTOBER 17, 1968, the following resolution was adopted:

**BE IT RESOLVED:** That the board of directors of this credit union adopt the revised  
standard bylaws which have been prescribed by the Director of the Bureau of Federal  
Credit Unions, and which are identified by the form number FCU 535 (Rev. 8/68); ex-  
cept that any of the following listed bylaw sections that were amended when the by-  
laws were originally issued or at a later date and under which this credit union is  
operating at the time of the adoption of this resolution shall become a part of and  
replace the respective sections of the revised standard bylaws adopted by this res-  
olution:

Section and Article\*

Section 1 of article VI  
Section 2 of article VI  
Section 1 of article VII

Section 2 of article VII  
~~Section 1 of article IX~~  
~~Section 2 of article IX~~

\*(Delete any section listed that has not been amended as defined above.)

That notice of the above meeting was given to the members of the board at least 7  
days before the meeting and in accordance with article XI, section 1, of the bylaws.

That the foregoing resolution, together with the names of the directors voting for  
its adoption, those voting against its adoption, and those absent from the meeting,  
have been entered in full in the minutes of the board of directors of this Federal  
credit union.

*Clifton Bruce*  
President

*W.P. Manning*  
Secretary

DEPARTMENT OF  
HEALTH, EDUCATION, AND WELFARE  
SOCIAL SECURITY ADMINISTRATION  
BUREAU OF FEDERAL CREDIT UNIONS  
Form FCU 23 Spec. 8/68

(Prepare in triplicate. Submit 2 copies  
to regional office, Bureau of Federal  
Credit Unions. Retain original with  
bylaws and charter.)





National Credit Union Administration  
REGION V

**AMENDMENT TO CHARTER**

San Antonio Telephone Federal Credit Union  
Charter No. 926

WHEREAS, formal request has been submitted by the officials of this Federal Credit Union that the following amendment to its charter be approved:

Section 5 of the Charter shall be amended to read as follows:

The field of membership of this credit union shall be limited to those having the following common bond:

1. Employees of SBC Communications, Inc., Lucent Technologies Inc., and AT&T (formerly American Telephone and Telegraph Information System, American Telephone and Telegraph Communications, American Telephone and Telegraph Technologies), and their subsidiaries and continuing entities, who work in San Antonio, Texas, in the Uvalde District, or in Cuero, Falls City, Karnes City, Kenedy, Runge, Yoakum or Yorktown, Texas;
2. employees of Communication Workers of America who work in the towns named above;
3. employees of ATC-Satelco who work in or are paid from San Antonio, Texas;
4. employees of Slater-White, Inc., Slater-White Village Cleaners, Inc., Slater-White Northwest Center, Inc., and Slater-White McCreless, Inc. (operating under common ownership) who work in San Antonio, Texas;
5. contractors and employees of contractors working under contract and on the premises of SBC Communications, Inc., 4119 Broadway, 1010 N. St. Mary's, and 105 Auditorium Circle, San Antonio, Texas;
6. employees of Clarke Printing Co. who work in San Antonio, Texas;



National Credit Union Administration  
REGION V

San Antonio Telephone Federal Credit Union  
Charter No. 926  
Page 2

7. members of Printing, Publishing and Media Workers Sector of Communications Workers of America, Local 6143 in San Antonio, Texas who qualify for membership in accordance with its constitution and bylaws as of July 27, 1993;

~~8. groups of persons with occupational common bonds which are located within 25 miles of one of the credit union's service facilities, which have provided a written request for service to the credit union, which do not presently have credit union service available, and which have no more members in the group than the maximum number established by the NCUA Board for additions under this provision. Provided, however, that the National Credit Union Administration may permanently or temporarily revoke the power to add groups under this provision upon a finding, in the Agency's discretion, that permitting additions under this provision are not in the best interests of the credit union, its members, or the National Credit Union Share Insurance Fund; (Suspended 10-25-96)~~

9. employees of this credit union;

10. spouses of persons who died while within the field of membership of this credit union;

11. persons retired as pensioners or annuitants from the above employment;

12. voting members of the Save Shearer Hills For Homeowners, Inc. in San Antonio, Texas who qualify for membership in accordance with its constitution and bylaws in effect on September 30, 1996, limited to a maximum of 2,500 members;

13. members of their immediate families; and

14. organizations of such persons."

AND WHEREAS, the amendment is in the best interests of the members and is not inconsistent with Law.



National Credit Union Administration  
REGION V

San Antonio Telephone Federal Credit Union  
Charter No. 926  
Page 3

**NOW, THEREFORE,** pursuant to the provisions of the Federal Credit Union Act, the foregoing submitted amendment of the charter of the above Federal credit union is hereby approved this 26th day of August 1997, subject to adoption by the board of directors in accordance with Article XXI of the Federal Credit Union Bylaws.

A handwritten signature in cursive script, appearing to read 'Hal A. LaFleur'.

Hal A. LaFleur  
Director of Insurance

At a meeting held on 9-16-97 the above amendment to the charter was adopted by the board of directors in accordance with Article XXI of the Federal Credit Union Bylaws.

A handwritten signature in cursive script, appearing to read 'James A. Adams'.

Presiding Officer

A handwritten signature in cursive script, appearing to read 'John Mark Rabbitt'.

Secretary

**NCUA-FCUB - BYLAWS**

**NCUA-FCUB - BYLAWS**

Federal Credit Union, Charter No. \_\_\_\_\_

(A corporation chartered under the laws of the United States)

**NCUA-FCUB - ARTICLE I. NAME - PURPOSES**

Section 1. The name of this credit union is as stated in section 1 of the charter (approved organization certificate) of this credit union.

Section 2. The purpose of this credit union is to promote thrift among its members by affording them an opportunity to accumulate their savings, and to create for them a source of credit for provident or productive purposes.

**NCUA-FCUB - ARTICLE II. QUALIFICATIONS FOR MEMBERSHIP**

Section 1. The field of membership of this credit union is limited to that stated in Section 5 of its charter.

Section 2. Applications for membership from persons eligible to membership under section 5 of the charter shall be signed by the applicant on forms approved by the board. Upon approval of such an application by a majority of the directors or a majority of the members of a duly authorized executive committee or by a membership officer and upon his/her subscription to at least one share of this credit union and the payment of the initial installment thereon, and the payment of a uniform entrance fee if required by the board, the applicant is admitted to membership. If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request.

Section 3. A number shall be assigned to each member as a means of identifying his account with the credit union.

Section 4. A member who withdraws all of his shareholdings thereby ceases to be a member. The board may by resolution require persons readmitted to membership to pay another entrance fee.

Section 5. The membership of members who are no longer within the field of membership on the day this bylaw is effective or thereafter, is terminated immediately: Provided, however, That the board may resolve that such members may retain membership if they meet certain reasonable minimum standards established by the board.

**NCUA-FCUB - ARTICLE III. SHARES OF MEMBERS**

Section 1. The par value of each share shall be \$ \_\_\_\_\_. Subscription to shares are payable at the time of subscription, or in installments of at least \$ \_\_\_\_\_ per month.

Section 2. The maximum amount of shares which may be held by any one member shall be established from time to time by resolution of the board.

Section 3. A member who fails to complete payment of one share within \_\_\_\_\_ of his admission to membership, or within \_\_\_\_\_ from the increase in the par value of shares, or a member who reduces his share balance below the par value of one share and does not increase the balance to at least the par value of one share within \_\_\_\_\_ of the

and insert the same time period in each blank.)

**Section 4.** Shares may be transferred only from one member to another, by written instrument in such form as the board may prescribe. Such transfer shall carry dividend credits with it. The board may require payment of a fee not to exceed \$1 for each such transfer and, if so required, such fee shall apply to all transfers.

**Section 5.** Money paid in on shares or installments of shares may be withdrawn as provided in these bylaws or regulation on any day when payment on shares may be made: Provided, however, That

- (a) The board shall have the right, at any time, to require members to give, in writing, not more than 60 days notice of intention to withdraw the whole or any part of the amounts so paid in by them.
- (b) The board may determine that if shares are paid in under an accumulated payroll deduction plan, as prescribed in the Accounting Manual for Federal Credit Unions, they may not be withdrawn until credited to members' accounts.
- (c) No member may withdraw shareholdings that are pledged as required security on loans without the written approval of the credit committee or a loan officer, except to the extent that such shares exceed the member's total primary and contingent liability to the credit union. "Required security" as used in this subsection refers to shares which are in existence at the time the application is made and specifically required to be pledged as security as part of a secured transaction.
- (d) No member may withdraw any shareholdings below the amount of his/her primary or contingent liability to the credit union if he/she is delinquent as a borrower, or if borrowers for whom he/she is comaker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer; except that shares issued in an irrevocable trust as provided in section 6 of this article are not subject to restrictions upon withdrawal except as stated in the trust agreement.
- (e) The share account of a person whose membership is terminated in accordance with article II, section 5, of these bylaws may be continued until the close of the dividend period in which the membership is terminated, after which it shall be transferred to an account payable. The share account of a deceased member (other than one held in joint tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed, but not to exceed a period of 4 years.
- (f) The board shall have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject to a fee and the amount of the fee shall be established by board resolution and shall be subject to regulations applicable to the advertising and disclosure of terms and conditions or member accounts.

**Section 6:** Shares may be issued in a revocable or irrevocable trust, subject to the following:

- (a) When shares are issued in a revocable trust, the settlor must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated.
- (b) When shares are issued in an irrevocable trust, the settlor or the beneficiary must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations shall be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

(c) Trust accounts established prior to the effective date of this section shall not be affected. Trusts may be

established pursuant to this section, provided such trusts, their terms and conditions are in accordance with the law

of this jurisdiction.

#### **NCUA-FCUB - ARTICLE IV. RECEIPTING FOR MONEY - PASSBOOKS**

**Section 1.** Money paid in or paid out on account of shares, loans, interest, entrance and transfer fees, or late charges shall be evidenced by an appropriate voucher or receipt or by entries in a member's passbook which shall also identify the person acting on behalf of this credit union. The member's official permanent record for all transactions shall be the entries in the passbook or a statement of account when such a plan is used as prescribed in the Accounting Manual for Federal Credit Unions.

**Section 2.** If a passbook is lost or stolen, immediate notice of such fact shall be given to the financial officer, and written application shall be made for the payment of the amount due the member as represented by said passbook or for the issuance of a duplicate passbook. The board may require the filing of an adequate bond to indemnify this credit union against any loss or losses resulting from the issuance of such duplicate passbook. The board may also require payment to this credit union of a reasonable charge to cover the cost of issuing a duplicate passbook.

#### **NCUA-FCUB - ARTICLE V. MEETINGS OF MEMBERS**

**Section 1.** The annual meeting of the members shall be held within the period authorized in the Act, in the county in which the office of the credit union is located or within a radius of 100 miles of such office, at such time and place as the board shall determine and announce in the notice thereof.

**Section 2.** At least 7 days before the date of any annual or special meeting of the members, the recording officer shall cause written notice thereof to be handed to each member in person, or mailed to each member at his address as the same appears on the records of this credit union; except that if the annual meeting is to be held during the same month as that of the previous annual meeting and if this credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained, and the board so determines, notice of the annual meeting may be given by posting the notice thereof in a conspicuous place in the office of this credit union where it may be read by the members, at least 14 days prior to such meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote thereat who are not present at such meeting shall in writing waive notice thereof, before, during, or after the meeting.

Notice of any special meeting shall state the purpose for which it is to be held, and no business other than that related to this purpose shall be transacted at the meeting.

**Section 3.** Special meetings of the members may be called by the executive officer, or by the supervisory committee as provided in these bylaws, and may be held at any location permitted for the annual meeting. A special meeting shall be called by the executive officer within 30 days of the receipt of a written request of 25 members or 5 percent of the members as of the date of the request, whichever number is larger: Provided, however, That a request of no more than 200 members shall be required for such meeting. The notice of such special meeting shall be given as provided in section 2 of this article.

**Section 4.** The order of business at annual meetings of members shall be--

- (a) Ascertainment that a quorum is present.
- (b) Reading and approval (or correction) of the minutes of the last meeting.

- (c) Report of directors.
- (d) Report of the financial officer or the chief management official.
- (e) Report of the credit committee.
- (f) Report of the supervisory committee.
- (g) Unfinished business.
- (h) New business other than elections.
- (i) Elections.
- (j) Adjournment.

The members assembled at any annual meeting may suspend the above order of business upon a two-thirds vote of the members present at the meeting.

**Section 5.** Except as hereinafter provided, at annual or special meetings, 15 members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not fewer than 7 nor more than 14 days thereafter; and the members present at any such adjourned meeting shall constitute a quorum, regardless of the number of members present. The same notice shall be given for the adjourned meeting as is prescribed in section 2 of this article for the original meeting, except that such notice shall be given not fewer than 5 days previous to the date of the meeting as fixed in the adjournment.

## **NCUA-FCUB - ARTICLE VI. ELECTIONS**

**Section 1.** At least 30 days prior to each annual meeting, the executive officer shall appoint a nominating committee of not fewer than three members. It shall be the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held.

**Section 2.** After the nominations of the nominating committee have been placed before the members, the executive officer shall call for nominations from the floor. When nominations are closed, tellers shall be appointed by the executive officer, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and the results announced. All elections shall be determined by plurality vote, and shall be by ballot except where there is only one nominee for the office.

**Section 3.** Nominations shall be in the following order:

- (a) Nominations for directors.
- (b) Nominations for credit committee members.

Elections may be by separate ballots following the same order as the above nominations or, if preferred, may be by one ballot for all offices.

**Section 4.** No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee or other person acting in a representative capacity

shall not, as such, be entitled to vote.

**Section 5.** Irrespective of the number of shares held by him, no member shall have more than one vote.

**Section 6.** The names and addresses of members of the board, executive officers, executive committee, and members of the credit and supervisory committees shall be forwarded to the Administration in accordance with the Act and regulations in such manner as may be required by said Administration.

**Section 7.** The board may establish by resolution a minimum age, not greater than 16 years of age, as a qualification for eligibility to vote at meetings of the members, or to hold elective or appointive office, or both.

## **NCUA-FCUB - ARTICLE VII. BOARD OF DIRECTORS**

**Section 1.** The board shall consist of \_\_\_\_\_ members, all of whom shall be members of this credit union. The number of directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the board. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of directors shall be filed with the official copy of the bylaws of this credit union.

**Section 2.** Regular terms of office for directors shall be for periods of either 2 or 3 years as the board shall determine: Provided, however, That all regular terms shall be for the same number of years and until the election and qualification of successors. The regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms shall expire at each annual meeting.

**Section 3.** Any vacancy on the board, credit committee, or supervisory committee shall be filled by vote of a majority of the directors then holding office. Directors and credit committee members so appointed shall hold office only until the next annual meeting, at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee so appointed shall hold office until the first regular meeting of the board following the next annual meeting of members at which the regular term expires and until the appointment and qualification of their successors.

**Section 4.** A regular meeting of the board shall be held each month at the time and place fixed by resolution of the board. The executive officer, or in his absence the ranking assistant executive officer, may call a special meeting of the board at any time; and shall do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the executive officer, or in his absence the ranking assistant executive officer, shall fix the time and place of special meetings. Notice of all meetings shall be given in such manner as the board may from time to time by resolution prescribe.

**Section 5.** The board shall have the general direction and control of the affairs of this credit union and shall be responsible for performing all the duties customarily performed by boards of directors. This shall include but not be limited to the following:

(a) Directing the affairs of the credit union in accordance with the Act, these bylaws, the rules and regulations and sound business practices.

(b) Establishing programs to achieve the purposes of this credit union as stated in article 1, section 2, of these bylaws



(c) Establishing and supervising a loan collection program and authorizing the chargeoff of uncollectible loans.

(d) Determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or otherwise, are properly bonded in accordance with the Act and regulations.

(e) Performing such additional acts and exercising such additional powers as may be required or authorized by applicable law and regulations.

**Section 6.** A majority of the number of directors (inclusive of any vacancies) shall constitute a quorum for the transaction of business at any meeting thereof; but fewer than a quorum may adjourn from time to time until a quorum is in attendance.

**Section 7.** If a director or a credit committee member fails to attend regular meetings of the board or credit committee, respectively, for 3 consecutive months, or otherwise fails to perform any of the duties devolving upon him/her as a director or a credit committee member, his/her office may be declared vacant by the board and the vacancy filled as herein provided. The board may remove any executive officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

When any executive officer, membership officer, executive committee member or investment committee member is absent, disqualified, or otherwise unable to perform the duties of his/her office, the board may by resolution designate another member of this credit union to act temporarily in his/her place. The board may also, by resolution designate another member or members of this credit union to act on the credit committee when necessary in order to obtain a quorum.

**Section 8.** Any member of the supervisory committee may be suspended by a majority vote of the board of directors. The members of this credit union shall decide, at a special meeting held not fewer than 7 nor more than 14 days after any such suspension, whether the suspended committee member shall be removed from or restored to the supervisory committee.

### **NCUA-FCUB - ARTICLE VIII. BOARD OFFICERS, MANAGEMENT OFFICIALS AND EXECUTIVE COMMITTEE**

**Section 1.** The board officers of this credit union shall be comprised of an executive officer, one or more assistant executive officers, a financial officer, and a recording officer, all of whom shall be elected by the board and from their number. The board shall determine the title and rank of each board officer and shall record them in the addendum to this article. One board officer, the \_\_\_\_\_, may be compensated for his services to such extent as may be determined by the board. If more than one assistant executive officer is elected, the board shall determine their rank as first assistant executive officer, second assistant executive officer, et cetera. The offices of the financial officer and recording officer may be held by the same person. Unless sooner removed as herein provided, the board officers elected at the first meeting of the board shall hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

**Section 2.** Board officers elected at the meeting of the board next following the annual meeting of the members, which shall be held not later than 7 days after the annual meeting, shall hold office for a term of 1 year and until the

election and qualification of their respective successors: Provided, however, That any person elected to fill a vacancy caused by the death, resignation, or removal of an officer shall be elected by the board to serve for the unexpired term of such officer and until his successor is duly elected and qualified.

**Section 3.** The executive officer shall preside at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. He shall countersign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds as prescribed in article XV, section 2 of these bylaws. The executive officer shall also perform such other duties as customarily appertain to the office of the executive officer or as he may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

**Section 4.** The ranking assistant executive officer available shall have and exercise all the powers, authority, and duties of the executive officer during the absence of the latter or his inability to act.

**Section 5.** The financial officer shall manage this credit union under the control and direction of the board unless the board has appointed a management official to act as general manager. Subject to such limitations, controls and delegations as may be imposed by the board, the financial officer shall:

- (a) Have custody of all funds, securities, valuable papers and other assets of this credit union.
- (b) Sign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds.
- (c) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.
- (d) Within 7 days after the close of each month, prepare and submit to the board a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans. He shall promptly post a copy of such statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month.
- (e) Prepare and forward to the Administration such financial and other reports as the Administration may require.
- (f) If so authorized by the board and within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees.
- (g) Perform such other duties as customarily appertain to the office of the financial officer or as he may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

The board may employ one or more assistant financial officers, none of whom may also hold office as executive officer or assistant executive officer, and may authorize them, under the direction of the financial officer, to perform any of the duties devolving on the financial officer, including the signing of checks. When designated by the board any assistant financial officer may also act as financial officer during the temporary absence of the financial officer or in the event of his temporary inability to act.

**Section 6.** The board may appoint a management official who shall not be a member of the board and who shall be under the direction and control of the board or of the financial officer as determined by the board. The management official may be assigned any or all of the responsibilities of the financial officer described in section 5 of this article. The board shall determine the title and rank of each management official and shall record them in the addendum to this article.

The board may employ one or more assistant management officials, none of whom shall be a member of the board. The board may authorize assistant management officials under the direction of the management official, to perform any of the duties devolving on the management official, including the signing of checks. When designated by the board, any assistant management official may also act as management official during the temporary absence of the management official or in the event of his temporary inability to act.

Section 7. The board shall employ, fix the compensation, and prescribe the duties of such employees as may in the discretion of the board be necessary, and have the power to remove such employees, unless it has delegated these powers to the financial officer or management official; except that neither the board, the financial officer, nor the management official shall have the power or duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee, or necessary clerical and auditing assistance employed or utilized by the supervisory committee.

Section 8. The recording officer shall prepare and maintain full and correct records of all meetings of the members and of the board, which records shall be prepared within 7 days after the respective meetings. The recording officer shall promptly inform the Administration in writing of any change in the address of the office of this credit union or the location of its principal records. He shall give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members, and shall perform such other duties as he may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

The board may employ one or more assistant recording officers, none of whom may also hold office as executive officer, assistant executive officer, or financial officer, and may authorize them under direction of the recording officer to perform any of the duties devolving on the recording officer.

Section 9. The board may appoint an executive committee of not fewer than three directors to serve at its pleasure, to act for it with respect to specifically delegated functions authorized by the Act and regulations. The board may also authorize such executive committee or a membership officer(s) appointed by the board from the membership other than a board member paid as an officer, the financial officer, any assistant to the paid officer of the board or to the financial officer or any loan officer, to serve at its pleasure to approve applications for membership under such conditions as the board and these bylaws may prescribe. No executive committee member or membership officer may be compensated as such.

Section 10. The board may appoint an investment committee composed of not less than two, to serve at its pleasure to have charge of making investments under rules and procedures established by the board. No member of the investment committee may be compensated as such.

Addendum The title and rank of the board officers and management officials of this credit union are as follows:

- (a) The executive officer is to have the title of \_\_\_\_\_.
- (b) The assistant executive officer is to have the title of \_\_\_\_\_.
- (c) The financial officer is to have the title of \_\_\_\_\_.
- (d) The assistant financial officer is to have the title of \_\_\_\_\_.
- (e) The recording officer is to have the title of \_\_\_\_\_.
- (f) The assistant recording officer is to have the title of \_\_\_\_\_.

(g) The management official is to have the title of \_\_\_\_\_.

(h) The assistant management official is to have the title of \_\_\_\_\_.

## **NCUA-FCUB - ARTICLE IX. CREDIT COMMITTEE**

**Section 1.** The credit committee shall consist of \_\_\_\_\_ members. All the members of the credit committee shall be members of this credit union. The number of members of the credit committee must be an odd number and may be changed to not fewer than 3 nor more than 7 by resolution of the board. No reduction in the number of members may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of committee members shall be filed with the official copy of the bylaws of this credit union.

**Section 2.** Regular terms of office for credit committee members shall be for periods of either 2 or 3 years as the board shall determine: Provided, however, That all regular terms shall be for the same number of years and until the election and qualification of successors. The regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of committee members, that approximately an equal number of regular terms shall expire at each annual meeting.

**Section 3.** The credit committee shall choose from their number a chairman and a secretary. The secretary of the committee shall prepare and maintain full and correct records of all actions taken by it, and such records shall be prepared within 3 days after the action. The offices of the chairman and secretary may be held by the same person.

**Section 4.** The credit committee may, by majority vote of its members, appoint one or more loan officers to serve at its pleasure, and delegate to him/her or them the power to approve application for loans or lines of credit, share withdrawals, releases and substitutions of security, within limits specified by the committee and within limits of applicable law and regulations. Not more than one member of the committee may be appointed as a loan officer. Each loan officer shall furnish to the committee a record of each transaction approved or not approved by him/her within 7 days of the date of the filing of the application or request, and such record shall become a part of the records of the committee. All applications or requests not approved by a loan officer shall be acted upon by the committee. No individual may disburse funds of this credit union for any application or share withdrawal which he/she has approved as a loan officer.

**Section 5.** The credit committee shall hold such meetings as the business of this credit union may require, and not less frequently than once a month. Notice of such meetings shall be given to members of the committee in such manner as the committee may from time to time, by resolution, prescribe.

**Section 6.** The credit committee or loan officer shall inquire into the character and financial condition of each applicant for a loan or line of credit and his/her sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The credit committee and its appointed loan officers shall endeavor diligently to assist applicants in solving their financial problems.

**Section 7.** No loan or line of credit shall be made unless approved by the committee or a loan officer in accordance with applicable law and regulations.

**Section 8.** Subject to the limits imposed by applicable law and regulations, these bylaws, and the general policies of the board, the credit committee, or a loan officer, shall determine the security if any required for each application and the terms of repayment. The security furnished shall be adequate in quality and character and consistent with

sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference shall be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

## **NCUA-FCUB - ARTICLE X. SUPERVISORY COMMITTEE**

**Section 1.** The supervisory committee shall be appointed by the board from among the members of this credit union, one of whom may be a director other than the financial officer. The board shall determine the number of members on the committee, which shall not be fewer than 3 nor more than the maximum number permitted by the Act. No member of the credit committee or any employee of this credit union may be appointed to the committee. Regular terms of committee members shall be for periods of 1, 2, or 3 years as the board shall determine: Provided, however, That all regular terms shall be for the same number of years and until the appointment and qualification of successors. The regular terms shall expire at the first regular meeting of the board following each annual meeting.

**Section 2.** The supervisory committee members shall choose from among their number a chairman and a secretary. The secretary of the supervisory committee shall prepare, maintain, and have custody of full and correct records of all actions taken by it. The offices of chairman and secretary may be held by the same person.

**Section 3.** The supervisory committee shall make, or cause to be made, such audits, and to prepare and submit such written reports, as are required by the Act and regulations. The committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities prescribed by this article, and may request the board to provide compensation for such assistance. It shall prepare and forward to the Administration such reports as may be required.

**Section 4.** The supervisory committee shall, from time to time and not less frequently than as required by the Act and regulations, cause the passbooks and accounts of all members to be verified with the records of the financial officer. The committee shall maintain a record of such verification.

**Section 5.** By unanimous vote the supervisory committee may suspend until the next meeting of the members any director, executive officer, or member of the credit committee. In the event of any such suspension, the supervisory committee shall call a special meeting of the members to act on said suspension which meeting shall be held not fewer than 7 nor more than 14 days after such suspension. The chairman of the committee shall act as chairman of the meeting unless the members select another person to act as chairman.

**Section 6.** By the affirmative vote of a majority of its members, the supervisory committee may call a special meeting of the members to consider any violation of the provisions of the Act, the regulations, or of the charter or the bylaws of this credit union, or to consider any practice of this credit union which the committee deems to be unsafe or unauthorized.

## **NCUA-FCUB - ARTICLE XI. ORGANIZATION MEETING**

**Section 1.** At the time application is made for a Federal credit union charter, the subscribers to the organization certificate shall meet for the purpose of electing a board of directors and a credit committee. Failure to commence operations within 60 days following receipt of the approved organization certificate (charter) shall be cause for revocation of the charter unless a request for an extension of time has been submitted to and approved by the Regional Director.

**Section 2.** The subscribers shall elect a chairman and a secretary for the meeting. The subscribers shall then elect from their number, or from those eligible to become members of this credit union, a board of directors and a credit committee, all to hold office until the first annual meeting of the members and until the election and qualification of their respective successors. If not already a member, every person elected under this section or appointed under section 3 of this article, must qualify within 30 days by becoming a member. If any person elected as a director or committee member or appointed as a supervisory committee member does not qualify as a member within 30 days of such an election or appointment, his office shall automatically become vacant and shall be filled by the board.

**Section 3.** Promptly following the elections held under the provisions of section 2 of this article, the board shall meet and elect the executive officers who shall hold office until the first meeting of the board of directors following the first annual meeting of the members and until the election and qualification of their respective successors. The board shall also appoint at this meeting a supervisory committee as provided in article X, section 1, of these bylaws. The members so appointed shall hold office until the first regular meeting of the board following the first annual meeting of the members and until the appointment and qualification of their respective successors.

## **NCUA-FCUB - ARTICLE XII. LOANS AND LINES OF CREDIT TO MEMBERS**

**Section 1.** Loans to individuals shall be made only to members, and shall be made for provident or productive purposes in accordance with applicable law and regulations. Loans to a member other than a natural person shall not be in excess of its shareholdings in this credit union.

**Section 2.** Within the limitations prescribed by applicable law and regulations, the board shall fix from time to time the interest rates on loans, the rate of interest refund, if any, to be made to members, the maximum maturities and terms of payment or amortization of loans to members, the security, and the maximum amount which may be loaned. When, by action of the board, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans.

**Section 3.** Lines of credit may be extended to members in accordance with applicable law and regulations. The board shall fix from time to time the interest rates, the maximum maturity, terms of payment or amortization, the security, and the maximum amount which may be loaned under a line of credit agreement within the limitations prescribed by applicable law and regulations.

**Section 4.** The aggregate amount of loans and lines of credit to any one member and the terms and conditions of such loans and lines of credit shall not exceed the limits permitted by applicable law and regulations.

**Section 5.** Any loan or line of credit made to a director or member of the credit or supervisory committee shall be in compliance with the Act and regulations. Directors or members of the credit or supervisory committee may act as comaker, endorser or guarantor for borrowers from this credit union, subject to the provisions of the Act and regulations.

**Section 6.** A borrower may repay his/her loan prior to maturity, in whole or in part, on any business day without penalty.

**Section 7.** Applications for loans or lines of credit shall be on forms prepared and furnished by the credit committee and shall in each case set forth the security, if any, and such other data as may be required by the committee or by applicable law and regulations.

Section 8. Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.

### **NCUA-FCUB - ARTICLE XIII. RESERVES**

Section 1. All amounts as required by the Act and regulations, shall be set aside as a regular reserve: Provided, however, That when the regular reserve thus established shall reach the minimum balance required by the Act and regulations, no further transfers shall be required except up to such amounts permitted by law and as may be needed to maintain such minimum balance. Amounts in excess of the above requirements may be transferred to the regular reserve by authorization of the board. The

regular reserve shall be used only for losses as authorized by applicable law and regulations.

Section 2. In addition to the regular reserve, special reserves to protect the interests of members shall be established in accordance with the Act and regulations. The board may also authorize the establishment of any additional reserves which it deems necessary.

### **NCUA-FCUB - ARTICLE XIV. DIVIDENDS**

Section 1. The board shall establish dividend periods and declare dividends as permitted by the Act and applicable regulations.

Section 2. No dividend shall be declared or paid at a rate in excess of the maximum dividend rates set forth in regulations.

Section 3. Dividends shall be paid on all funds in a share account once a fully paid share of \$ \_\_\_\_\_ has been purchased. NOTE: This section applicable only if article III, section 1 establishes a par value for shares in excess of \$5.

### **NCUA-FCUB - ARTICLE XV. DEPOSIT AND DISBURSEMENT OF FUNDS INVESTMENTS AND BORROWING**

Section 1. All funds of this credit union, except for petty cash and cash change funds authorized by section 3 of this article, shall be deposited in such qualified depository or depositories from among those authorized by applicable law and regulations as the board may from time to time by resolution designate; and shall be so deposited not later than the second banking day after their receipt: Provided, however, That receipts in the aggregate of \$300 or less may be held as long as 1 week before they are deposited.

Section 2. All disbursements of funds of this credit union shall be made by checks or other written instruments signed by the financial officer, chief management official, assistant financial officer, or an assistant management official, and countersigned by the executive officer, or in his absence or inability to serve, by the ranking assistant executive officer: Provided, however, That the board may by resolution eliminate the requirement of countersigning: And provided further, That the board may by resolution determine that disbursements may be made in cash in accordance with procedures prescribed in the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.

Section 3. A cash fund may be authorized by the board by resolution for the purpose of making change, and for such other purposes as prescribed in the Accounting Manual for Federal Credit Unions.

The board may authorize by resolution the establishment of a petty cash fund for postage, and for defraying other

expense items in amounts of less than \$10.

Section 4. The funds of this credit union shall be invested only as authorized by applicable law and regulations.

Section 5. The board may authorize borrowing and discounting operations on behalf of this credit union within the limitations prescribed by applicable law and regulations.

#### **NCUA-FCUB - ARTICLE XVI. EXPULSION AND WITHDRAWAL**

Section 1. A member may be expelled only in the manner provided by the Act. Expulsion or withdrawal shall not operate to relieve a member of any liability to this credit union. All amounts paid in on shares by expelled or withdrawing members, prior to their expulsion or withdrawal, shall be paid to them in the order of their withdrawal or expulsion, but only as funds become available and only after deducting therefrom any amounts due from such members to this credit union.

#### **NCUA-FCUB - ARTICLE XVII. MINORS**

Section 1. Shares may be issued in the name of a minor.

#### **NCUA-FCUB - ARTICLE XVIII. DEFINITIONS**

Section 1. When used in these bylaws the terms:

- (a) "Act" means the Federal Credit Union Act, as amended.
- (b) "Administration" means the National Credit Union Administration.
- (c) "Board" means Board of Directors of the Federal Credit Union.
- (d) "NCUA Board" means the Board of the National Credit Union Administration.
- (e) "Regulation" or "regulations" means rules and regulations issued by the NCUA Board of the National Credit Union Administration.
- (f) "Applicable law and regulations" means the Federal Credit Union Act and rules and regulations issued thereunder or other applicable Federal statutes and rules and regulations issued thereunder as the context indicates (such as The Higher Education Act of 1965).
- (g) "Net earnings," for a given period, means the balance remaining after deducting from the gross income of this credit union actually received during such period all expenses paid or payable during such period, and any losses sustained therein (as determined by the board) for which no specific reserve has been set aside. Amounts set aside during such period as a reserve shall not be deemed items of expense.

(h) "Paid in and unimpaired capital" as of a given date means the balance of the paid-in share accounts as of such



date, less any losses that may have been incurred for which there is no reserve or which have not been charged against undivided earnings.

(i) "Surplus," as of a given date, means the credit balance of the undivided earnings account on such date, after all losses have been provided for and net earnings or net losses have been added thereto or deducted therefrom, as the case may be. Reserves shall not be considered as a part of the surplus.

(j) "Share" or "shares" means all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 2. If included in the definition of the field of membership in the organization certificate (charter) of this credit union, the terms or expressions:

(a) "Members of their immediate families"

includes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) "Organizations of such persons" means an organization or organizations composed exclusively of persons who are within the field of membership of this credit union.

**NCUA-FCUB - ARTICLE XIX. GENERAL**

Section 1. All power, authority, duties, and functions of the members, directors, officers, and employees of this credit union, pursuant to the provisions of these bylaws, shall be exercised in strict conformity with the provisions of applicable law and regulations, and of the charter and the bylaws of this credit union.

Section 2. The officers, directors, members of committees and employees of this credit union shall hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with:

- (a) The making of loans and extending lines of credit.
- (b) The collection of loans.
- (c) The guarantee of member share drafts by third parties.

In accordance with the above, the board of directors may authorize participation in:

- (a) A credit reporting agency if it has determined that use of such an agency is essential in the making of loans and extending lines of credit and that information supplied by the credit union concerning its members will be made available only to legitimate members belonging to that agency and persons who have a legitimate business need for information in connection with a business transaction involving a consumer.
- (b) A consumer reporting agency if it has determined that information supplied by the credit union is essential to the guarantee of member share drafts by that agency.

**Section 3.** Notwithstanding any other provisions in these bylaws, any director, committee member, officer, or employee of this credit union may be removed from office by the affirmative vote of a majority of the members present at a special meeting called for the purpose, but only after an opportunity has been given him to be heard.

**Section 4.** No director, committee member, officer, agent, or employee of this credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he is directly or indirectly interested. In the event of the disqualification of any director respecting any matter presented to the board for deliberation or determination, such director shall withdraw from such deliberation or determination; and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director or directors, may exercise with respect to this matter, by majority vote, all the powers of the board. In the event of the disqualification of any member of the credit committee or the supervisory committee, such committee member shall withdraw from such deliberation or determination.

**Section 5.** Copies of the organization certificate of this credit union, its bylaws and any amendments thereof, and any special authorizations by the Administration shall be preserved in a place of safekeeping. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors shall be recorded in the minute books of this credit union. The minutes of the meetings of the members, the board, and the committees shall be signed by their respective chairmen or presiding officers and by the persons who serve as secretaries of such meetings.

**Section 6.** All books of account and other records of this credit union shall at all times be available to the directors and committee members of this credit union. The charter and bylaws of this credit union shall be made available for inspection by any member.

**Section 7.** Each member shall keep the credit union informed about his current address. In the event a member fails to do this, a charge may be made to the member's share account for the actual cost of necessary locator services incurred in determining such address: Provided, however, That the maximum amount of any such charge shall be established by the board of directors. Such charge shall be made only for amounts paid to a person or concern normally engaged in providing such service, and shall be made against the account or accounts of any one member not more than once in any 12-month period.

## **NCUA-FCUB - ARTICLE XX. OPERATIONS FOLLOWING AN ATTACK ON THE UNITED STATES**

**Section 1.** In the event of an attack upon the United States, the officers and employees of the credit union shall continue to conduct the affairs of the credit union under such guidance from the directors as may be available and subject to conformance with any governmental directives during the emergency.

**Section 2.** In the event of an attack upon the United States of sufficient severity to prevent the conduct and management of the affairs and business of the credit union by its regularly elected directors, officers, and properly constituted committees as contemplated by these bylaws, any three available members of the then incumbent board of directors shall constitute a quorum of the board of directors for the full conduct and management of the affairs and business of the credit union including the approval of loans to members if the regularly elected credit committee is not available. In the event of the unavailability at such time of three members of the board, the vacancies, in order to provide a quorum of three, shall be filled as follows:

(a) If the regularly elected executive officer or a regularly elected assistant executive officer is not available, the available person who is highest on the succession list for executive officer last authorized by the board of directors shall automatically become an acting director if he is not a member of the board and acting executive officer.

(b) If the regularly elected financial officer is not available, the available person who is highest on the succession list for financial officer last authorized by the board of directors shall automatically become an acting director if he is not a member of the board and acting financial officer.

(c) If a third director is necessary to make a quorum, he shall be the next highest available person on the succession list for executive officer or upon the exhaustion of such list, the next highest available person on the succession list for financial officer.

The quorum of the board of directors as regularly constituted or as constituted above shall appoint additional directors as necessary to provide for a full board of five members, provided that: If there is available an even number of regularly elected directors in excess of five, the board shall appoint one additional director, in which case, a quorum shall then be a majority of the full board thus constituted. Persons selected as provided in this section shall hold office only until their successors are elected at the next annual meeting or at a special meeting called for that purpose and until the qualification of their successors; provided that the person selected pursuant to subsection (a) shall hold office as acting executive officer and as acting director only until the regularly elected executive officer or a regularly elected assistant executive officer becomes available; and that the person selected pursuant to subsection (b) shall hold offices as acting financial officer and as acting director only until the regularly elected financial officer becomes available. This bylaw shall be subject to implementation by resolutions by the board of directors passed from time to time for that purpose, and any provisions of these bylaws (other than this section) and any resolutions which are contrary to the provisions of this section or to the provisions of any such implementary resolutions shall be suspended until a regularly constituted board of directors can be obtained.

Section 3. In the event that the office of the credit union becomes unusable, as a result of an attack upon the United States, the credit union shall, if possible, establish temporary substitute quarters. The office of this credit union shall be established as soon as practicable thereafter at a suitable permanent location within the limits permitted by the charter of this credit union.

## **NCUA-FCUB - ARTICLE XXI. AMENDMENTS OF BYLAWS AND CHARTER**

Section 1. Amendments of these bylaws may be adopted and amendments of the charter requested by the affirmative vote of two-thirds of the authorized number of members of the board at any duly held meeting thereof if the members of the board have been given prior written notice of said meeting and the notice has contained a copy of the proposed amendment or amendments. No amendment of these bylaws or of the charter shall become effective, however, until approved in writing by the NCUA Board.

**Federal  
Credit  
Union**

# **Charter and Bylaws**

**A Corporation Chartered and Supervised  
By the Bureau of Federal Credit Unions**



**U. S. DEPARTMENT OF  
HEALTH, EDUCATION, AND WELFARE  
Social Security Administration  
Bureau of Federal Credit Unions**

FCU 508-A  
(Rev. 8-60)

DEPARTMENT OF  
HEALTH, EDUCATION, AND WELFARE  
SOCIAL SECURITY ADMINISTRATION  
BUREAU OF FEDERAL CREDIT UNIONS

Letterkenny

**FEDERAL CREDIT UNION**

(A corporation chartered under  
the laws of the United States)

CHARTER NO. 15574

## ORGANIZATION CERTIFICATE

-----Letterkenny-----FEDERAL CREDIT UNION

Charter No. 19574

### TO BUREAU OF FEDERAL CREDIT UNIONS:

We, the undersigned, do hereby associate ourselves as a Federal credit union for the purposes indicated in and in accordance with the provisions of the Federal Credit Union Act, Public Law 86-354, "An Act to amend the Federal Credit Union Act," Public Law 467, 73d Congress, as amended, entitled, "An Act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States"; we hereby request approval of this organization certificate; we agree to comply with the requirements of said Act, with the terms of this organization certificate and with all laws, rules, and regulations now or hereafter applicable to Federal Credit unions; and we hereby certify that:

(1) The name of this credit union shall be -----

-----Letterkenny----- Federal Credit Union.

(2) This credit union will maintain its office at -----

-----Chambersburg, Pennsylvania,-----

and will operate in the territory described in the field of membership.

(3) The names and addresses of the subscribers to this certificate and the number of shares subscribed by each are as follows:

NAME	ADDRESS	SHARES
William M. Fosbre. (3) ✓ cash	Rural Route 2, Box 344 Shippensburg, Pennsylvania	1
Robert F. Kennedy, (6) ✓ cash	655 North Franklin Street Chambersburg, Pennsylvania	1
Richard E. Baumunk. (4) ✓ cash	South Mountain, Pennsylvania	1
John T. Johnson (2) ✓ cash	344 High Street Chambersburg, Pennsylvania	1
William P. Niemeyer. (7) ✓ cash	1175 Stanley Avenue Chambersburg, Pennsylvania	1
Donald R. Gayman. (8) ✓ cash	409 Westover Road Shippensburg, Pennsylvania	1
John A. Redding, Jr. (9) ✓ cash	204 Glen Street Chambersburg, Pennsylvania	1
Wallace Martello. (1) ✓ cash	153 Colonial Drive Chambersburg, Pennsylvania	1
John F. Fierro. (10) ✓ cash	Rural Route 3, Dymond Avenue Fayetteville, Pennsylvania	1
Harold R. Johnston (3) ✓ cash	Rural Delivery 3 Chambersburg, Pennsylvania	1

(4) The par value of the shares of this credit union shall be \$5.00.

~~(5) The field of membership shall be limited to those having the following common bond: Civilian and military personnel of the United States Government who work at or are stationed at Letterkenny Army Depot, Franklin County, Pennsylvania; employees of the Letterkenny Post restaurant who work at Letterkenny Army Depot; members of this credit union who are retired as annuitants from the above employment or service and retain their membership in this credit union; employees of this credit union; members of their immediate families; and organizations of such persons.~~

Edward H. ... - 1 - cash  
 W. ... R. ... - 2 - cash  
 J. ... - 3 - cash  
 Edward B. W. ... - 4 - cash  
 H. ... - 5 - cash

(6) The term of this credit union's existence shall be perpetual: *Provided, however,* That upon the finding that this credit union is bankrupt or insolvent or has violated any provision of this organization certificate, of the bylaws, of the Federal Credit Union Act including any amendments thereto or thereof, or of any regulations issued thereunder, this organization certificate may be suspended or revoked under the provisions of Section 21(b) of the Federal Credit Union Act.

(7) This certificate is made to enable the undersigned to avail themselves of the advantages of said Act.

(8) The management of this credit union, the conduct of its affairs, and the powers, duties, and privileges of its directors, officers, committees and membership shall be set forth in the approved bylaws and any approved amendments thereto or thereof.

IN WITNESS WHEREOF we' have hereunto subscribed our names this 6<sup>th</sup>

day of November, 1964

<u>William M. Fosbue</u>	<u>Wessal R. Ryzman</u>
<u>Robert Kennedy</u>	<u>John A. Redding, Jr.</u>
<u>Pablo E. Baumann</u>	<u>Stallce Martello</u>
<u>John T. Johnson</u>	<u>John J. [unclear]</u>
<u>William H. [unclear]</u>	<u>[unclear]</u>

Subscribed before me, an officer competent to administer oaths, at Chambersburg this 6 day of November 1964.

Signed Eugene L. Penn  
Title Credit Union Examiner  
(Notary public or other competent officer)

\* At least seven signers, none of whom should administer the oath.



### APPROVAL OF ORGANIZATION CERTIFICATE

Pursuant to the provisions of Section 5 and/or Section 21(d) of the Federal Credit Union Act, as amended, the foregoing organization certificate of

----- Letterkenny ----- Federal Credit Union  
is approved this 4th day of January, 1965

*J. Gene Gorman*  
-----  
**Director.**  
**Bureau of Federal Credit Unions**  
**Social Security Administration**  
**DEPARTMENT OF**  
**HEALTH, EDUCATION, AND WELFARE**

**PATRIOT FEDERAL CREDIT UNION**

**BY - LAWS**

**(As amended through October 26, 1993)**

# **BYLAWS**

*(as amended through 26 October 1993)*

## **Patriot Federal Credit Union, Charter No. 16574** *(A corporation chartered under the laws of the United States)*

### **Article I. Name—Purposes**

**SECTION 1.** The name of this credit union is as stated in section 1 of the charter (approved organization certificate) of this credit union.

**SEC. 2.** The purpose of this credit union is to promote thrift among its members by affording them an opportunity to accumulate their savings, and to create for them a source of credit for provident or productive purposes.

### **Article II. Qualifications for Membership**

**SECTION 1.** The field of membership of this credit union is limited to that stated in section 5 of its charter.

**SEC. 2.** Applications for membership from persons eligible to membership under section 5 of the charter shall be signed by the applicant on forms approved by the board. Upon approval of such an application by a majority of the directors or a majority of the members of a duly authorized executive committee or by a membership officer and upon his/her subscription to at least one share of this credit union and the payment of the initial installment thereon, and the payment of a uniform entrance fee if required by the board, the applicant is admitted to membership. If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request. *(28MAR78)*

**SEC. 3.** A number shall be assigned to each member as a means of identifying his account with the credit union

**SEC. 4.** A member who withdraws all of his shareholdings thereby ceases to be a member. The board may by resolution require persons readmitted to membership to pay another entrance fee.

**SEC. 5.** The membership of members who are no longer within the field of membership on the day this bylaw is effective or thereafter, is terminated immediately: *Provided, however,* That the board may resolve that such members may retain membership if they meet certain reasonable minimum standards established by the board.

### **Article III. Shares of Members**

**SECTION 1.** The par value of each share shall be \$5. Subscriptions to shares are payable at the time subscription, or in installments of at least \$1 per month. (30MAR82)

**SEC. 2.** The maximum amount of shares which may be held by any one member shall be established from time to time by resolution of the board.

**SEC. 3.** The shareholdings of a member who fails to complete payment of one share within 6 months of his/her admission to membership, or of a member who reduces his/her share balance below \$5 and does not increase the balance to at least \$5 within 6 months of the reduction may be absorbed by a late charge upon authorization of the board. (30MAR82)

**SEC. 4.** Shares may be transferred only from one member to another, by written instrument in such form as the board may prescribe. Such transfer shall carry dividend credits with it. The board may require payment of a fee not to exceed \$1 for each such transfer and, if so required, such fee shall apply to all transfers.

**SEC. 5.** Money paid in on shares or installments of shares may be withdrawn as provided in these bylaws or regulation on any day when payment on shares may be made: *Provided, however, That—* (28MAR78)

(a) The board shall have the right, at any time, to require members to give, in writing, not more than 60 days notice of intention to withdraw the whole or any part of the amounts so paid in by them except for those amounts paid into share draft accounts. (30MAR82)

(b) The board may determine that if shares are paid in under an accumulated payroll deduction plan, as prescribed in the *Accounting Manual for Federal Credit Unions*, they may not be withdrawn until credited to members' accounts.

(c) No member may withdraw shareholdings that are pledged as required security on loans without the written approval of a loan officer, except to the extent that such shares exceed the member's total primary and contingent liability to the credit union. "Required security" as used in this subsection refers to shares which are in existence at the time the application is made and specifically required to be pledged as security as part of a secured transaction. (26OCT93)

(d) No member may withdraw any shareholdings below the amount of his/her primary or contingent liability to the credit union if he/she is delinquent as a borrower, or if borrowers for whom he/she is comaker, endorser, or guarantor are delinquent, without the written approval of a loan officer; *except that* shares issued in an irrevocable trust as provided in section 6 of this article are not subject to restrictions upon withdrawal except as stated in the trust agreement. (26OCT93)

(e) The share account of a person whose membership is terminated in accordance with Article II, section 5, of these bylaws may be continued until the close of the dividend period in which the membership is terminated, after which it shall be transferred to an account payable. The share account of a deceased member (other than one held in joint tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed, but not to exceed a period of four years. (23FEB82)

(f) The board shall have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject to a fee and the amount of the fee shall be established by board resolution, and shall be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts. (23FEB82)

**SEC. 6.** Shares may be issued in a revocable or irrevocable trust, subject to the following (28MAR78):

(a) When shares are issued in a revocable trust, the settlor must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated. (28MAR78)

(b) When shares are issued in an irrevocable trust, the settlor or the beneficiary must be a member of this credit union in his/her own right, and the name of the beneficiary must be stated. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations shall be treated as an irrevocable trust unless otherwise indicated in the rules and regulations. (28MAR78)

(c) Trust accounts established prior to the effective date of this section shall not be affected. Trusts may be established pursuant to this section, provided such trusts, their terms and conditions are in accordance with the laws of this jurisdiction. (28MAR78)

#### **Article IV. Receipting for Money—Passbooks**

**SECTION 1.** Money paid in or paid out on account of shares, loans, interest, entrance and transfer fees, or late charges shall be evidenced by an appropriate voucher or receipt or by entries in a member's passbook which shall also identify the person acting on behalf of this credit union. The member's official permanent record for all transactions shall be the entries in the passbook or a statement of account when such a plan is used as prescribed in the *Accounting Manual for Federal Credit Unions*.

**SEC. 2.** If a passbook is lost or stolen, immediate notice of such fact shall be given to the treasurer, and written application shall be made for the payment of the amount due the member as represented by said passbook or for the issuance of a duplicate passbook. The board may require the filing of an adequate bond to indemnify this credit union against any loss or losses resulting from the issuance of such duplicate passbook. The board may also require payment to this credit union of a reasonable charge to cover cost of issuing a duplicate passbook.

#### **Article V. Meetings of Members**

**SECTION 1.** The annual meeting of the members shall be held within the period authorized in the Act, in the county in which the office of the credit union is located or within a radius of 100 miles of such office, at such time and place as the board shall determine and announce in the notice thereof.

**SEC. 2.** At least 7 days before the date of any annual or special meeting of the members, the secretary shall cause written notice thereof to be handed to each member in person, or mailed to each member at his/her address as the same appears on the records of this credit union; except that if the annual meeting is to be held during the same month as that of the previous annual meeting and if this credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained, and the board so determines, notice of the annual meeting may be given by posting the notice thereof, in a conspicuous place in the office of this credit union where it may be read by the members, at least 14 days prior to such meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote thereat who are not present at such meeting shall in writing waive notice thereof, before, during, or after the meeting.

Notice of any special meeting shall state the purpose for which it is to be held, and no business other than that related to this purpose shall be transacted at the meeting.

**SEC. 3.** Special meetings of the members may be called by the president or by the supervisory committee as provided in these bylaws, and may be held at any location permitted for the annual meeting. A special meeting shall be called by the president within 30 days of the receipt of a written request of 25 members or 5 percent of the members as of the date of the request, whichever number is larger: *Provided, however,* That a request of no more than 200 members shall be required for such meeting. The notice of such special meeting shall be given as provided in section 2 of this article.

**SEC. 4.** The order of business at annual meetings of members shall be:

- (a) Ascertain that a quorum is present.
- (b) Reading and approval (or correction) of the minutes of the last meeting.
- (c) Report of directors.
- (d) Report of the treasurer or the manager.
- (e) Report of the loan officers.
- (f) Report of the supervisory committee.
- (g) Elections.
- (h) Unfinished business.
- (I) New business.
- (j) Adjournment.

The members assembled at any annual meeting may suspend the above order of business upon a two-thirds vote of the members present at the meeting. (26OCT93)

**SEC. 5.** Except as hereinafter provided, at annual or special meetings, 15 members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not fewer than 7 nor more than 14 days thereafter; and the members present at any such adjourned meeting shall constitute a quorum, regardless of the number of members present. The same notice shall be given for the adjourned meeting as is prescribed in section 2 of this article for the original meeting, except that such notice shall be given not fewer than 5 days previous to the date of the meeting as fixed in the adjournment.

## **Article VI. Elections**

**SECTION 1.** At least 30 days prior to each annual meeting, the president shall appoint a nominating committee of not fewer than 3 members. It shall be the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held.

**SEC. 2.** Ballots may be distributed to members as they enter the meeting. After the nominations of the nominating committee have been placed before the members, the president shall call for nominations from the floor. When nominations are closed, tellers shall be appointed by the president, the vote shall be taken and tallied by the tellers, and the results announced. All elections shall be determined by plurality vote, and shall be by ballot except where there is only one nominee for the office. *(30MAR82)*

**SEC. 3.** Deleted. *(26OCT93)*

**SEC. 4.** No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee, or other person acting in a representative capacity, shall not, as such, be entitled to vote.

**SEC. 5.** Irrespective of the number of shares held by him, no member shall have more than one vote.

**SEC. 6.** The names and addresses of members of the board, executive officers, executive committee, and members of the supervisory committee shall be forwarded to the Administration in accordance with the Act and regulations in such manner as may be required by said Administration. *(26OCT93)*

**SEC. 7.** The board may establish by resolution a minimum age, not greater than 16 years of age, as a qualification for eligibility to vote at meetings of the members and a minimum age, not greater than 18 years of age, as a qualification to hold elective or appointive office, or both. *(30MAR82).*

## **Article VII. Board of Directors**

**SECTION 1.** The board shall consist of 9 members, all of whom shall be members of this credit union. The number of directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the board. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of directors shall be filed with the official copy of the bylaws of this credit union.

**SEC. 2. Regular terms of office for directors shall be for periods of either 2 or 3 years as the board shall determine: *Provided, however,* That all regular terms shall be for the same number of years and until the election and qualification of successors. The regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms shall expire at each annual meeting.**

**SEC. 3. Any vacancy on the board, or supervisory committee shall be filled by vote of a majority of the directors then holding office. Directors so appointed shall hold office only until the next annual meeting, at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee so appointed shall hold office until the first regular meeting of the board following the next annual meeting of the members at which the regular term expires and until the appointment and qualification of their successors. (26OCT93)**

**SEC. 4. A regular meeting of the board shall be held each month at the time and place fixed by resolution of the board. The president, or in his absence the ranking vice president, may call a special meeting of the board at any time; and shall do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the president, or in his absence the ranking vice president, shall fix the time and place of special meetings. Notice of all meetings shall be given in such manner as the board may from time to time by resolution prescribe.**

**SEC. 5. The board shall have the general direction and control of the affairs of this credit union and shall be responsible for performing all the duties customarily performed by boards of directors. This shall include but not be limited to the following:**

**(a) Directing the affairs of the credit union in accordance with the Act, these bylaws, the rules and regulations and sound business practices.**

**(b) Establishing programs to achieve the purposes of this credit union as stated in article I, section 2, of these bylaws.**

**(c) Establishing and supervising a loan collection program and authorizing the chargeoff of uncollectible loans.**

**(d) Determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or otherwise, are properly bonded in accordance with the Act and regulations.**

**(e) Reviewing denied loan applications of members who file written requests for such reviews. (26OCT93)**

**(f) Appointing one or more loan officers and delegating to these officers the power to approve or disapprove loans, lines of credit, or advances from lines of credit. (26OCT93)**

**(g) Performing such additional acts and exercising such additional powers as may be required or authorized by applicable law and regulations. (26OCT93)**

**SEC. 6. A majority of the number of directors (inclusive of any vacancies) shall constitute a quorum for the transaction of business at any meeting thereof; but fewer than a quorum may adjourn from time to time until a quorum is in attendance.**



**SEC. 7.** If a director fails to attend regular meetings of the board for 3 consecutive months, or any 4 months in any calendar year, or otherwise fails to perform any of the duties devolving upon him/her as a director, his/her office may be declared vacant by the board and the vacancy filled as herein provided, except that a director removed for such cause may not be reappointed until the next annual meeting.

The board may remove any executive officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

When any executive officer, membership officer, executive committee member or investment committee member is absent, disqualified, or otherwise unable to perform the duties of his/her office, the board may, by resolution, designate another member of this credit union to act temporarily in his/her place. (26OCT93)

**SEC. 8.** Any member of the supervisory committee may be suspended by a majority vote of the board of directors. The members of this credit union shall decide, at a special meeting held not fewer than 7 nor more than 14 days after any such suspension, whether the suspended committee member shall be removed from or restored to the supervisory committee.

#### **Article VIII. Executive Officers, Executive Committee and Management Staff**

**SECTION 1.** The board officers of this credit union shall be comprised of an executive officer, one or more assistant executive officers, a financial officer, and a recording officer, all of whom shall be elected by the board and from their number. The board shall determine the title and rank of each board officer and shall record them in the addendum to this article. One board officer, the treasurer, may be compensated for his services to such extent as may be determined by the board. If more than one assistant executive officer is elected, the board shall determine their rank as first assistant executive officer, second assistant executive officer, et cetera. The offices of the financial officer and recording officer may be held by the same person. Unless sooner removed as herein provided, the board officers elected at the first meeting of the board shall hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors. (26JAN88)

**SEC. 2.** Board officers elected at the meeting of the board next following the annual meeting of the members, which shall be held not later than 7 days after the annual meeting, shall hold office for a term of 1 year and until the election and qualification of their respective successors: *Provided, however,* That any person elected to fill a vacancy caused by the death, resignation, or removal of an officer shall be elected by the board to serve for the unexpired term of such officer and until his successor is duly elected and qualified. (26JAN88)

**SEC. 3.** The executive officer shall preside at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. He/She shall countersign all notes of this credit union, and all checks, drafts and other orders for disbursement of its funds unless the board, by resolution, has eliminated the requirement of countersigning. The executive officer shall also perform such other duties as customarily appertain to the office of the executive officer or as he/she may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws. (26JAN88)

**SEC. 4. The ranking assistant executive officer available shall have and exercise all the powers, authority, and duties of the executive officer during the absence of the latter or his inability to act. (26JAN88)**

**SEC. 5. The financial officer shall manage this credit union under the control and direction of the board unless the board has appointed a management official to act as general manager. Subject to such limitations, controls and delegations as may be imposed by the board, the financial officer shall (26JAN88):**

**(a) Have custody of all funds, securities, valuable papers and other assets of this credit union. (26JAN88)**

**(b) Sign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds. (26JAN88)**

**(c) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in *the Accounting Manual for Federal Credit Unions* or otherwise approved by the Administration. (26JAN88)**

**(d) Within 7 days after the close of each month, prepare and submit to the board a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans. He shall promptly post a copy of such statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month. (26JAN88)**

**(e) Prepare and forward to the Administration such financial and other reports as the Administration may require. (26JAN88)**

**(f) If so authorized by the board and within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees. (26JAN88)**

**(g) Perform such other duties as customarily appertain to the office of the financial officer or as he/she may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws. (26JAN88)**

**The board may employ one or more assistant financial officers, none of whom may also hold office as executive officer or assistant executive officer, and may authorize them, under the direction of the financial officer, to perform any of the duties devolving on the financial officer, including the signing of checks. When designated by the board, any assistant financial officer may also act as financial officer during the temporary absence of the financial officer or in the event of his temporary inability to act. (26JAN88)**

**SEC. 6. The board may appoint a management official who shall not be a member of the board and who shall be under the direction and control of the board or of the financial officer as determined by the board. The management official may be assigned any or all of the responsibilities of the financial officer described in section 5 of this article. The board shall determine the title and rank of each management official and shall record them in the addendum to this article. (26JAN88)**