

31 July 2014

National Credit Union Administration
Re: Regulatory Review pursuant to EGRPRA
1775 Duke Street, Alexandria VA 22314
regcomments@ncua.gov

This commenter commends the NCUA on their voluntary engagement in the EGRPRA initiative.

SUMMARY: Embrace flexibility in member-friendly FCU 'form' bylaws with modernization, simplification and streamlining together with FCU access to a secure online NCUA repository for its bylaws/charter complemented by a standing industry-NCUA bylaws/charter working group for regular, incremental improvement.

FOCUS: BYLAWS AND CHARTER -- We wish to comment on 12CFR 701.1 and 701.2 and, particularly, Appendix A to Part 701 as relates to Federal Credit Union Bylaws and Charter. We believe there is a continued purpose in both documents but not necessarily in their present form and format. We believe their present format and presentation is embedded deeply in the history of the past and losing relevance, apparent purpose, and respect among FCUs. While 'checking the box' for incorporators under the FCU Act, some content and much of the structure of the present Bylaws do not contribute value to FCUs, do not serve their members well, nor is there a compelling case that they support safety and soundness. (We note that the Act, at §108, only specifies a 'form of bylaws' for FCU incorporators "to simplify the organization" of FCUs and does not appear to mandate that NCUA rigidly prescribe and FCUs conform to 'form bylaws'.)

BYLAWS AS A 'MEMBER DOCUMENT'? REALLY? -- It is asserted that the "bylaws function as a contract between the credit union and its members." (Examiners Guide Chap. 18) However, the reality that we see is that the Bylaws are presently ill-suited to be a 'member document'. The combination of these realities – disrespect from the FCUs and unsuitability for member use -- means that the Bylaws are more burden than help. Some provisions in the Bylaws – too esoteric to be helpful to even the most astute but curious FCU member – would be better if embedded in the regulations of Title 12 CFR. Commendably, many provisions of previous form Bylaws versions have, indeed, been removed by NCUA as unnecessary or redundant. And we are glad that NCUA has indicated pursuit of a regulatory initiative to consider revising the form bylaws, while to what end is presently unclear.

BYLAWS: GOVERNANCE, MEMBER RIGHTS AND RESPONSIBILITIES -- We strongly suggest that the purpose of the Bylaws be carefully tailored to ongoing matters of governance, and membership rights and responsibilities. Such an approach could result in substantive changes to the content of Articles VIII, XI, XII, and portions of other Articles.

INSTITUTION-SPECIFIC OPTIONS, ONLINE -- As stated above, we see continued purpose for a future iteration of the present Bylaws. This would be institution-specific. What we also see is that this document should truly be tailored to that specific FCU. By this we do not mean that no provision would be common to other FCUs. Rather the combination would potentially be unique. And the document could exist in a secure online system (possibly using an existing NCUA system such as CreditUnion Online) accessible by both authorized NCUA staff and one or more authorized FCU administrators.

A MODEL FROM ANOTHER AGENCY -- This is not a far-fetched vision. In fact, a very similar structure presently exists in another Federal agency: the Federal Aviation Administration documents commonly known as Operations Specifications ('OpSpecs'). While somewhat different (in defining certain technical/operational requirements), yet they are sufficiently similar

to FCU Bylaws in the need for joint administration by both regulator and regulated. OpSpecs apply to each of the thousands of the 'air agencies' including air carriers ('airlines') and similar. Some two decades ago, far-sighted FAA staff began creating a fully-secure, online OpSpecs platform. While some of the sophistication of this system may be unnecessary in some conceptual applications to FCU bylaws, yet the continuous currency, instant (common) access to the same documents, and ease of use appealed to the users in airline operations.

STANDING BYLAWS WORK GROUP -- The above example also points to a related issue: the need for a continuous forum, such as a standing work group, for Bylaws content considerations, moderated by the Agency but intentionally inclusive of interested, engaged, and technically-astute FCU stakeholders. Such was a very successful adjunct by the agency mentioned above in their evolution from paper-based and very troublesome OpSpecs to a modern, flexible, responsive online system. With virtual meetings, such a standing working group would be neither expensive nor cumbersome. This same working group could also review the voluminous non-standard bylaws that have been issued over the years to consider whether they should be recommended to the Agency to be incorporated as an 'option' for all FCUs in the form bylaws.

MODERN ROMANS USING ROMAN NUMERALS? WHY DO WE? -- As to form and format, this commenter believes that, however quaint and nostalgic, the use of Roman numerals in the system of document structure hinders use. We recommend adopting a modern document hierarchy primarily using familiar Arabic numerals. Continued use of Roman numerals is an unnecessary distraction and inconsistent with the best in modern document structure. Additionally, for ease of reference within lengthy passages of certain Articles in these bylaws, we would propose that each section be preceded by the Article number separated by a decimal such that Section 2.1 – identifying its location within Article Two – would be followed by Sections 2.2, then 2.3, etc. When this is used throughout, it eliminates unnecessary reference to article. This will also ensure that an identification of article and section will appear on virtually every screen when viewing the document. Finally, on this point, we see other agencies using a non-Roman numeral system for CFR part Appendices. Therefore we conclude that no overarching prohibition would prevent the adoption of a hierarchy based on Arabic numerals. And, while we applaud the addition in the 2007 form bylaws of section titles, we suggest that in many cases they are unnecessarily verbose and could benefit from brevity.

CONSISTENCY BALANCED BY UTILITY AND FLEXIBILITY -- We support a useful degree of consistency in FCU bylaws, but flexibility is important to achieve a concise yet coherent member document. A present rigidity, however, in Bylaws form and content results in much needless text for some FCUs resulting in a general disrespect for the important purpose of the Bylaws. As an example, we suggest the requirement become optional, as applicable, to include bylaws references to unused provisions such as Executive Committee, Credit Committee, Investment Committee, Installment Payments for Shares, Entrance Fee, unused officer positions/ranking, while the FCU Board would retain the option to 'opt in' to any of those provisions at their discretion and upon Board resolution.

REMOVE THE 'OPERATIONAL' RULES -- As alluded to above, we see the Bylaws as unsuited to the smattering of operational 'rules' still embedded therein as 'gotchas' separated from the more familiar rules that would normally speak to 'operational' compliance matters. In the context of our comments, 'operational rules' are the portions of the Bylaws that appear to be directive from the NCUA to the FCU rather than the FCU-member(s) relationship. Articles VIII, XI, and XII include good examples. Specifically, looking at A.VIII, S.8, we see the Bylaws directing Loan Officer action with respect to FCU recordkeeping generally -- not with respect to a member or even the membership at large. This is, simply, an inappropriate use of Bylaws, and better located, if necessary, only in the 'main body of rules' of 12CFR Chapter VII.

RULES OF INITIAL FCU ORGANIZATION... INDEFINITELY? -- And similar to the above, we'd also specifically exclude the entirety of Article X from the Bylaws believing this content is better suited as 12CFR rule content in a (separate) Appendix titled FCU Organization or similar. It has no relevance once an FCU is chartered and is just so much useless deadwood when included in the bylaws since any adopted update of the form bylaws means that the actual original rules of organization for that FCU are not those contained in their most recently adopted bylaws. And we are aware that the OGC has concurred with non-standard bylaws that permit the exclusion of this content for the requesting FCU. So, why not for every FCU?

CONFUSED PURPOSE WITH CHARTER MEMBERSHIP ELIGIBILITY -- Another similarity in the apparently confused purpose of the bylaws is the present inclusion of content related to the eligibility of membership. This presents a messy mixed bag source for membership eligibility: partially in the Charter and partially in the Bylaws. Why? What advantage is this to the potential member, the present member, the membership-at-large, the FCU, or the Agency? The smallest example would be Article XIV. If this did not exist, the absence would not preclude the actions that this Article appears to permit.

THE (UNNECESSARY) TROUBLE WITH TRUSTS -- But the most egregious example of confused bylaws purpose is Bylaws Article III, Section 6 regarding Trusts. The Act – from which this Bylaws authority is presumably derived – is, by contrast, elegant in its simplicity. It simply ignores the admission of trusts. It *does* say that shares may be held 'in trust' but does not specify that such a statement – or, worse yet, some tortured extrapolation -- must be in the Bylaws. The Bylaws section has resulted in numerous interpretations that have only muddied the waters and confused the most compliance-minded FCUs. A most troubling result has been interpreted by an FCU as heavy-handed, Agency retaliatory examination focused on this arcane provision leaving even a very experienced examiner puzzled. However well-intended the present provisions, this ought not to be. The Agency should own up to this unhelpful and unnecessary complexity by, at least, reflecting the simplicity of the Act in the Bylaws.

BOARD COMPLEMENT: HOW ODD! -- Another area of unnecessary complexity is the requirement for an odd number of directors to constitute the Board of an FCU. We are aware that the basis of this requirement within the Bylaws (at Art.VI.Sec.1) is the FCU Act (at §111). This Bylaws requirement creates a problem when one board director resigns or is otherwise unable to serve. The FCU Board is required by the Bylaws to fill the vacancy – unless it can reduce the Board size by two. So, it must weigh the undesirable prospects of soliciting for another voluntary resignation against the technical bylaws non-compliance of an unfilled vacancy until another vacancy permits a reduction in directors to a lesser but odd number.

ANTIQUITY NO REASON TO BE 'ODD' -- The requirement for an odd number of directors appears to be from ancient tradition for a board of directors 'tie breaker'. Yet this 'odd requirement', for good reason, is and has been absent from the RMBCA (Revised Model Business Corporation Act) apparently for many decades. Not surprisingly, such a requirement is also apparently absent from (most?) state corporate statutes. The reality is that even if a Board is constituted with an odd number of directors, the temporary absence of a director moots that supposed tie breaker 'advantage'. And we would not suppose that the NCUA would expect that only an odd number of Directors can vote if one Board director is temporarily absent or abstains. The reality is that a 50-50 split of an even-number of votes (either by an odd number of directors with a director abstention or an absent director, or with an even-numbered director Board) means that the motion under consideration does not prevail. For example, in a six-member board, a majority vote requires the assent of four members. For a seven-member board, a majority vote is also four members. And in certain actions (such as a bylaws resolution), a simple majority vote by the FCU Board is insufficient, which again means the simple majority 'tie breaker' is moot.

AN ACT OF CONGRESS TO GET 'EVEN'? -- Further, the FCU Act and the Bylaws, by omission, imposes no such 'odd number' requirement on the Supervisory Committee even tho that Committee holds significant – if usually unused – powers over the FCU Board. This commenter notes that the Board of a Federally-chartered Mutual Savings Association does not require an odd number of directors (ref. 12CFR 144.5). The commenter, however, recognizes that changing the Bylaws to omit this present requirement may necessitate an act of Congress for such a technical change but believes that it is worthy of pursuit in the context of a larger effort to simplify and streamline the Bylaws, and render them current, more practical, and member-friendly. And in this time of difficulty in recruiting and retaining volunteer officials, a small change to omit this truly odd requirement would be timely.

MEETINGS OF (A FEW) MEMBERS -- A most vexing example of the archaic is the concept embodied in the Bylaws of an in-person meeting of members. Once an FCU has expanded beyond several thousand members, this can be an increasingly impractical exercise in futility. It nearly always disenfranchises the infirm, mobility-challenged, and distant members despite their ability to be connected, virtually. It is not unreasonable to conclude that such a requirement is contrary to the spirit of the ADA. Yet there seems to have been little inclination to flexibility to date with the Agency on this point. Other member organizations have moved into the 21st century with electronic forums for member engagement; most notably progressive are labor organizations potentially including thousands of members dispersed over the globe (such as airline crewmembers).

ADMISSION TO MEMBERSHIP – Technical membership is also a troublesome provision in the present Bylaws and, in some degree, originating in the Act. In the modern FCU context, membership admittance needs to be prompt while still subject to the due diligence of staff. Present bylaws are confusing as to the status of members until the 'review', under the Act, at the next Board meeting of the FCU. Adding to confusion is the ambiguous authority of membership officers in admitting potential members to membership. And, related, is the apparent prohibition of a membership officer from being a loan officer, or at least, from being the loan officer that takes a loan application from a potential member. To prohibit a membership officer from being a loan officer is simply nonsensical. Again, these problems with ambiguity are the result of an FCU concept apparently stuck in, or at least interpreted in the context of, antiquity and apparently oblivious to the needs of a modern, lean, member-responsive financial institution. Small branches, prudently staffed with FCU employees should be able to serve both as loan officers *and* in admitting new members. Correcting this may require Congressional action but should be pressed as part of a technical clean-up to the authorizing legislation.

INDEMNIFICATION OF OFFICIALS – Inexplicably, the Agency seems resistant to permitting an FCU to achieve greater Bylaws clarity by naming the statute that would apply in indemnifying FCU officials. By counsel, it has been recommended to this commenting FCU that we should seek greater specificity in this regard. Presently, the 'fill-in' for Bylaws only permits us to specify the State selected for applicable laws of indemnification. However, that would result in considerable ambiguity were the actual indemnity called into question. There are various state statutes in the State in which we are established that might be considered as applicable. These include separate statutes for the establishment of Domestic Business Corporations, Domestic Non-Profit Corporations, State-chartered Credit Unions, Co-Operatives, State-chartered Banks, and others entities. In a case involving indemnity of an official, simply finding judicial consensus on which rules actually apply could be a legal 'cat fight' in which the bylaws muddies the water. Using case law for business corporations would generally yield, according to counsel, the most clearly established basis for indemnification. Despite small but clear risks created by this ambiguity in form bylaws, we are prevented from achieving useful clarity. This should change.

'OFFICIAL' CONFUSION -- Another unnecessary distraction in the bylaws is the nomenclature of financial officer or management official. It would be helpful to incorporate only organizationally-consistent titles appropriate to the size and scope of operation and omitting extraneous references to unused or inconsistent titles. The titles, management structure, and ranking of elected officials, and Bylaws-required committees and their officials should be permitted to be articulated in the Bylaws Addendum. Similarly, it would be helpful to have clarity that the removal of officials provision of A.XVI.S.3. only applies to bylaws-designated committees and not to other committees of the Board or of management. And, related, we believe the powers vested in the meeting of members duly called by the Supervisory Committee for reasons of A.IX.S.6. should not be ambiguous and seemingly sweeping but reasonably limited to certain specified actions such as replacement of directors.

'TINY FCU' PROVISIONS -- Similarly, 'minimum size-related' requirements can be eliminated for many FCUs such as at A.IV.S.3.a. ('25 members or 5%' and for which the '25' would only apply below 500 members); and A.V.S.1.b. in most Options ('1%...with a minimum of 20 members', for which the 20 members would only apply below 2000 members). This could be included in a version of the Bylaws for a 'very small FCU'.

CHARTER RESTATEMENT -- For long-time FCUs, their charter may include numerous amendments with various changes in FOM. If this were the situation for a state-chartered corporation, the logical approach to the proliferation of amendments of the articles of incorporation would be a 'restatement'. But in 'FCU land', and for reasons that are not at all clear, a charter restatement is not an option for an FCU. A resolute refusal by the Agency to consider a request for a restatement of the charter only diminishes the credibility of both the Agency and the charter. And it brings to question whether the Agency really knows what the FOM and other charter particulars apply to each FCU.

SERIOUSLY OUTDATED RULES -- We urge the Agency to also resolve the continuing inconsistency between the statement in the Introduction to Appendix A bylaws and the actual practice required by the Agency. In this Appendix passage, it is stated that amendments to the bylaws are to be submitted to the agency Regional Office. Yet this has not been true for several **years**. This apparent lack of currency casts unneeded doubt on Agency commitment to the bylaws. The Agency, as steward of Chapter VII of Title 12 of the CFR, owes it to the public, FCU members, and to Federally-chartered credit unions to promptly correct this by direct final rule.

BYLAWS ATTACHMENT -- We've included with this comment document an attachment completely reciting the present form bylaws but incorporating our proposed changes -- generally including those mentioned in the text above together with proposed changes addressing editorial, grammatical, and syntactic improvements not specifically identified above.

Thank you for thoughtful consideration of our comments.

Respectfully --

Cascade Community Federal Credit Union
by Doug Myers, Compliance Officer
Roseburg OR 97470

via regcomments@ncua.gov as Cascade Community FCU comments on regulatory review pursuant to EGRPRA

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Federal Credit Union, Charter No. _____

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

Article One. Name and Purpose

Section 1.1 *Name*. The name of this credit union is as stated in section 1 of the charter (~~approved organization certificate~~) of this credit union.

Section 1.2 *Purposes*. This credit union is a member-owned, democratically operated, not-for-profit organization managed by a volunteer board of directors, [*Optional*: with the specified mission of meeting the credit and savings needs of consumers,][*Optional*: especially persons of modest means]. 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 [*Optional*: business,] or productive purposes.

Article Two. Qualifications for Membership

Section 2.1 *Field of Membership*. The field of membership of this credit union is limited to that stated in section 5 of its charter.

Section 2.2 ~~Membership Application procedures~~. Applications for membership from persons eligible for membership under section 5 of the charter must be signed by the applicant on forms approved by the management official delegated at the discretion of the board of directors. ~~The applicant is admitted to membership after approval of an application by a majority of the directors, a majority of the members of a duly authorized executive committee, or by a membership officer, and after subscription to at least one share of this credit union and the payment of the initial installment, and the payment of a uniform entrance fee if required by the board. Upon completion of an application and subscription to at least one share of this credit union [Optional: and the payment of the initial installment][Optional: and the payment of a uniform entrance or readmission fee as required by the board], the applicant is admitted to provisional membership until the timely approval of a membership officer, [Optional: a majority of the directors, or a majority of the members of a duly authorized executive committee]. If a person whose membership application is denied makes a written request, the credit union must explain~~ furnish in writing, [Optional: upon request of the applicant,] the reasons for the denial.

Section 2.3 ~~Maintenance of membership share required~~. Membership ceases for a member who withdraws all shareholdings or fails to comply with the time requirements in section 3.3 for restoring his or her the account balance to par value in Article III, Section 3 ceases to be a member.

Section 2.4 ~~Continuation of membership~~. Once a Membership is retained by the becomes a member until the member person or organization withdraw from membership, or is expelled in accordance with the Act and Article XIV-14 of these bylaws, or membership ceases according to section 2.3. A member who is disruptive to credit union operations may be subject to limitations on services and access to credit union facilities. [Optional: When the credit union becomes aware that a credit union account or other service has been used by an account holder to violate, or used in violation of, any law or regulation of the United States, any state, or any political subdivision thereof, credit union services may be suspended to any or all accounts and for any services associated with that member to the extent consistent with protecting credit union safety and soundness.] [Optional: For members no longer within the field of

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membership, the credit union restricts services as specified in a board-approved policy
~~A credit union that wishes to restrict services to members no longer within the field of membership should specify the restrictions in this section.]~~

Article Three. Shares of Members

Section 3.1. *Par Value*. The par value of each share will be \$____ [Optional: for {insert the type of shares and the value for each different type of shares}]. Subscription to shares are payable at the time of subscription [*Optional*: or in installments of at least \$___ per month].

Section 3.2. *RESERVED*. [*Optional*: Share Cap ~~on shares held by one person~~. The board of directors may establish, by resolution, the maximum amount of shares that any one member may hold.

Section 3.3. *Grace Time periods for payment and maintenance of membership share*. A member [*Optional*: who fails to complete payment of one share within ___ of admission to membership, or within ___ from the increase in the par value of shares, or] who reduces the 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 reduction ~~will~~ may be terminated from membership.

Section 3.4. *Reserved*. [*Optional*: *Transferability*. Shares in an account may only be transferred from ownership by one member to another by an instrument in a form as the [*Choose one*: executive OR general manager OR financial officer], as delegated by the board, may prescribe. Shares that accrue credits for unpaid dividends retain those credits when account ownership is transferred.]

Section 3.5. *Withdrawals*. Money paid in on 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 of directors has the right, at any time, [*Optional*: and in their discretion, delegated to the Choose one: executive OR general manager OR financial officer] to require members to give up to 60 days [*Optional*: written] notice of intention to withdraw the whole or any part of the amounts paid in by them.

(b) Reserved

(c) No member may withdraw any shareholdings below the amount of the member's primary or contingent liability to the credit union if the member is delinquent as a borrower, or if borrowers for whom the member is co-maker, endorser, or guarantor are delinquent, without the written approval of [*Mandatory as appropriate*: the credit committee OR a loan officer]. The credit union, in its sole discretion, may consider coverage of overdrafts to not constitute delinquency for the purposes of this paragraph
~~Coverage of overdrafts under an overdraft protection policy does not constitute delinquency for purposes of this paragraph. Shares issued in an irrevocable trust as provided in Section 6 of this article are not subject to withdrawal restrictions except as stated in the trust agreement.~~

(d) 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.

(e) [*Optional*: The board will have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject

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to a fee and the amount of the fee is delegated by the board to the [Choose one: executive OR general manager OR financial officer], and will be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts.]

Section 3.6. Reserved [Optional: Trusts. (a) Shares may be issued in an account 'in trust for' one or more stated beneficiaries by simple declaration by the settlor on a account document thereby to create an informal, revocable trust. The settlor must be a credit union member, or be eligible for credit union membership and become a member of the credit union. (b) Shares may be issued to an account held by a trust formally established in writing as revocable or irrevocable according to the laws of a state when the trust has been documented as established as a legal entity within the field of membership. (c) Shares may be issued to an account held by a trust formally established in writing as revocable according to the laws of a state when, if any settlor is living, one settlor is a person eligible for membership (as described in section 5 of the charter) at the time of admission of the trust to membership. (d) Shares may be issued to an account to be held by a living trust, formally established in writing as revocable according to the laws of a state, when no settlor is living, when one natural person beneficiary is a person eligible for membership (as described in section 5 of the charter) at the time of admission of the trust to membership. (e) Shares may be issued to an account to be held by a formal trust, established in writing as irrevocable according to the laws of a state, when one living, natural person settlor or beneficiary is a person eligible for membership (as described in section 5 of the organizational certificate charter) at the time of admission of the trust to membership. ~~a revocable or irrevocable trust, subject to the following: When shares are issued in a revocable trust, the settlor must be a member of this credit union in his or her own right. When shares are issued in an irrevocable trust, either the settlor or the beneficiary must be a member of this credit union. The name of the beneficiary must be stated in both a revocable and irrevocable trust. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations will be treated as an irrevocable trust unless otherwise indicated in the rules and regulations. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations will be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.~~]

Section 3.7. ~~Joint Accounts and Membership requirements.~~ [Choose: Owners of a joint account may both be members of the credit union without opening separate accounts. For joint membership, both owners are required to fulfill all of the membership requirements including each member receiving purchasing and maintaining at least one share in the account. OR Each member must receive purchase and maintain at least one share in a share account that names the member as the sole or primary owner. Being named as a joint owner of a joint account is insufficient to establish membership.]

Article Four. Meetings of Members

Section 4.1. *Annual Meeting.* The annual meeting of the members must be held ~~[insert time for annual meeting, for example, "during the month of March/on the third Saturday of April/ no later than March 31"]~~, in the county in which any office of the credit union is located ~~or at a location~~ within a radius of 100 miles of any credit union office, at the time and place consistent with the Act and as the board of directors determines and announces in the notice of the annual meeting.

Section 4.2. ~~Notice of Meetings~~ Notice required. At least 30 but no more than 75 days before the date of any annual meeting or at least 7 days before the date of any special

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~~meeting of the members. The secretary must give written cause notice to be made to each member for each meeting of members.~~

For each annual meeting, notice shall be made at least 30 days but no more than 75 days before the date of any annual meeting. For each special meeting of members, notice shall be made at least 7 days before the date of the special meeting of members.

~~Notice for the each annual meeting may shall be (a) by posting the notice in a conspicuous place in the office of this credit union where it may be read by the members, at least 30 days prior to such meeting, 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 where regular business hours are maintained written notice delivered in person, or (b) by mail to the member's address at the address that appears on the records of this credit union, or, for members that who have opted to receive statements and notices electronically, by electronic mail, or Notice of the annual meeting may be given (c) by written notice delivered in person by posting the notice in a conspicuous place in the office of this credit union where it may be read by the members, at least 30 days prior to such meeting, 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 where regular business hours are maintained.~~

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

[Optional: Participation by remote communication may be authorized by the board of directors for natural person members and authorized agents of entity members not physically present for any meeting of members.]

Section 4.3. *Special Meetings.* a. Special meetings of the members may be called [Optional: by the chair or] by the board of directors upon a majority vote, or by the supervisory committee as provided in these bylaws. The chair must call a special meeting, ~~meaning and the~~ special meeting must be held within 30 days of the receipt of a written request of ~~25 members or 5%~~ of the members *[Mandatory text for credit unions with fewer than 500 members: or 25 members, whichever number is larger]* as of the date of the request. However, in no case shall a request of ~~no~~ more than 750 members ~~may~~ be required to call a special meeting.

b. The notice of a special meeting must be given as provided in section 4.2. ~~of this article.~~ Each special meeting may be held at any location permitted for ~~the an~~ annual meeting.

Section 4.4. ~~Items of business for annual meeting and rules of order for annual and special meetings.~~ Order of Business. The suggested order of business at annual meetings of members is--

(a) ~~Ascertainment~~ Determination that a quorum is present.

(b) ~~Reading and approval~~ Ratification or correction of the minutes of the last annual and any subsequent special meeting.

(c) Report of directors, if ~~there is one~~ available. [If applicable for credit unions participating in the Community Development Revolving Loan Program: The directors must report on the credit union's progress in on providing needed community services, if required by NCUA Regulations.]

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(d) Report of the [Choose one: executive OR general manager OR financial officer] ~~financial officer or the management official.~~

(e) ~~(Reserved)~~ [Or, if the credit union has a credit committee: Report of the credit committee, if there is one.]

(f) Report of the supervisory committee, as required by §115 of the Act.

(g) Unfinished business.

(h) New business other than elections.

(i) Elections, as required by §111 of the Act.

(j) Adjournment.

~~(k)~~ To the extent not inconsistent with these bylaws, all meetings of the members will be conducted according to _____ [Fill in one of the four following and the edition if not the latest edition: *Democratic Rules of Order, The Modern Rules of Order, Robert's Rules of Order, or Sturgis' Standard Code of Parliamentary Procedure*]. The order of business for the annual meeting may vary from the suggested order, provided it includes all required items and complies with the rules of procedure adopted by the credit union.

Section 4.5. *Quorum*. Except as otherwise provided, 15 members constitute a quorum at each annual or special meetings. If no quorum is present, an adjournment may be taken to a date at least 7 but not more than 14 days thereafter. The members present at any ~~such adjourned meeting~~ for purposes of adjournment will constitute a quorum, regardless of the number of members present. ~~The same notice must be given for the adjourned meeting as is prescribed in section 2 for the original meeting, except that the notice must be given at least 5 days before the date of the meeting as fixed in the adjournment. The notice for any special meeting held subsequent to the meeting adjourned for lack of quorum shall be fixed as of the adjournment and shall be at least five days before the next special meeting.~~

[Optional: 4.6 Remote Participation. Board of directors authorization for member participation by remote communication is subject to guidelines and procedures that the board adopts by resolution. The credit union shall maintain a record of the vote or other action of a member that participates in a membership meeting by remote communication. Before the board authorizes member participation in a membership meeting by remote communication, the credit union shall:

(a) Verify that each participant by remote communication is a member or authorized agent of an entity member; and

(b) Be certain that each participant can communicate effectively.]

Article Five. Nominations, Elections, Voting.

[Editorial: Only Bylaws Article Five Option A4 is included and addressed in these suggested amendments]

Voting by Electronic Device [Optional: or Mail Ballot]; Nominations by Committee/Petition

Section ~~5.1. Nomination procedures~~ *Nominating Committee*. a. At least 120 days before each annual meeting, the board of directors [Optional: or chair] will appoint a nominating committee of three or more members. ~~It is 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.~~

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b. The nominating committee (a) nominates at least one natural person member for each vacancy, including any unexpired term vacancy, for which elections are being held, and (b) determines that each member nominated is agreeable to the placing of their name in nomination and will accept office if elected. The nominating committee files its each nomination with the secretary of the credit union at least 90 days before the annual meeting and the secretary notifies in writing all members eligible to vote at least 75 days before the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

c. A vacancy after the nominating committee has filed its report may be filled as prescribed in section 6.4.

Section 5.2. *Petition Nominations.* The secretary shall cause all members eligible to vote to be notified at least 75 days before the annual meeting that nominations for vacancies may be made by petition. A separate petition for each petition nominee must be signed by not less than 1% of the members [Mandatory text for credit unions with fewer than 2000 members: but not fewer than 20] with a maximum required of 500. The secretary may cause use of electronic mail to notify members who have opted to receive notices or statements electronically. The notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when the number of nominees equals the number of positions to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date of the notice for petition nomination requirements and the list of nominating committee's nominees are mailed-transmitted to all members. To be effective, each petition for a candidate nominated-nominations by petition must be accompanied by a signed certificate from the nominee stating that they are agreeable to nomination and will serve if elected to office. Nominations by petition must be filed with the secretary at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition, along with those of the nominating committee, are posted in a conspicuous place in each credit union office at least 35 days before the annual meeting.

Section 5.3. *Election by Consent.* After the period closes for nominations by petition, the secretary shall cause notice to be given to all eligible members which must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when the number of nominees does not exceed the number of positions to be filled. It is within the discretion of the chair, and can be delegated to the management official, to declare all candidates elected by general consent.

Section 5.4. *Candidate Statements.* A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition.

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Section 5.5. Candidate Posting. The secretary shall cause notice of the nominees by petition 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.

Section 5.6. Elections. All elections will be determined by plurality vote.

(a) All elections will be by electronic device [Optional: or mail ballot] ~~subject to the following conditions:~~

(b) All elections will be determined by plurality vote.

(c) If sufficient nominations are made by the nominating committee together with any nomination by petition to provide more nominees than positions to be filled, the secretary, at least 30 days prior to the annual meeting, ~~shall will~~ cause [Optional: either a printed ballot or] a notice of ballot to be ~~mailed~~ transmitted to all members eligible to vote. ~~(with electronic mail may be used to provide the notice of ballot to~~ authorized for use for members who have opted to receive notices or statements electronically):

~~(e) If the credit union is conducting its elections electronically, the secretary will cause the following materials to be transmitted to each eligible voter and the following procedures will be followed~~

(1) ~~One notice of balloting~~ Stating the names of the candidates for the board of directors [Optional: and the candidates for other separately identified offices or committees] ~~The name of each must be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors; and, One mail ballot that conforms to Section 2(d) of this article and one instruction sheet stating~~

(2) Specific instructions for the electronic election procedure, including how to access and use the system, and the period of time in which votes will be taken. [Optional: The instruction ~~shall will~~ state that members without the requisite electronic device necessary to vote on the system may vote by requesting and submitting a the enclosed mail ballot by a and specify the date specified by which the mail ballot must be received by the credit union.] ~~For members who have opted to receive notices or statements electronically, the mail ballot is not required and electronic mail may be used to provide the instructions for the electronic election procedure.~~

Section 5.7. Election Tellers. Election tellers are appointed by the board of directors. It is the duty of the tellers of election to verify, or cause to be verified the name of the voter and the credit union account number as they are registered in the electronic balloting system. It is the duty of the tellers ~~to test~~ ensure the integrity of the balloting system at regular intervals during the election period. After voting closes, votes received during the election period will be tallied by the election tellers.

[Editorial: The remainder of the content of Article Five is in its content order in the present bylaws rather than in the proposed order (which is reflected in the section numbering).]

Section 5.11. Close of Voting. Ballots must be received and voting closed no later than midnight five calendar days prior to the annual meeting. ~~(5) The vote will be tallied by the tellers.~~

Section 5.12. Results. The results ~~must be verified at the annual meeting and chair will make the disclose~~ the result of the vote ~~public~~ at the annual meeting.

Section 5.13. Contingency. In the event of malfunction of the electronic balloting system, the board of directors may, in its discretion, order [Optional: elections be held by mail ballot only. The mail ballots must conform to all requirements of this Section

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~~2(d) of this article~~ and must be mailed once more to all eligible members 30 days before the annual meeting. The board of directors may make] reasonable adjustments to the voting time frames above, or postpone the annual meeting when necessary, to complete the elections prior to the annual meeting.

~~Section 3. Order of nominations. Nominations may be in the following order:~~

~~(a) Nominations for directors.~~

~~(b) Nominations for credit committee members, if applicable. 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 5.8. Proxy and Agent Voting. Members cannot vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose.~~

~~Section 5.9. One Vote per Member. Irrespective of the number of shares, no member has more than one vote.~~

~~Section 5.14. Submission of information regarding credit union officials to NCUA Contact Information. The names and addresses of members of the board of directors, board officers, [Mandatory only as applicable: executive committee, and members of the credit committee,] and members of the supervisory committees must be forwarded to the Administration in accordance with the Act and regulations in the manner as may be required by the Administration.~~

~~Section 5.10. Minimum age requirement. Members must be at least [insert an age not to exceed the age of majority under the state law applicable to the credit union] years of age (by the date of the meeting) in order to vote at meetings of the members, or (at the time of the signature) to sign nominating petitions or sign petitions requesting special meetings; and must be a natural person of at least [insert an age not to exceed 21] years of age (at the beginning of the term of service) to hold elective or appointive office.~~

~~[Optional: Section 5.15. Section 8. Absentee ballots. The board of directors may authorize the use of absentee ballots in conjunction with the other procedures authorized in this article, subject to the following conditions:~~

~~(a) The board of directors will appoint the election tellers;~~

~~(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 30 days before the annual meeting, will cause printed ballots to be mailed to all members of the credit union who are eligible to vote and who have submitted a written or electronic request for an absentee ballot;~~

~~(c) The secretary will cause the following materials to be mailed to each eligible voter who has submitted a written or electronic request for an absentee ballot:~~

~~(1) One ballot, clearly identified as the ballot on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees are printed in random order. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;~~

~~(2) One ballot envelope clearly marked with instructions that the completed ballot must be placed in that envelope and sealed;~~

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(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 with the envelope, must insert the sealed ballot envelope and the identification form, and which must have postage prepaid and be preaddressed for return to the tellers;

(5) When properly designed with features that preserve the secrecy of the ballot, one form can be printed that represents a combined ballot and identification form, and postage prepaid and preaddressed return envelope;

(d) It is the duty of the election tellers to verify, or cause to be verified, the name and credit union account number of the voter as appearing on the identification form; to place the verified identification and the sealed ballot envelope in a place of safekeeping pending the count of the vote; in the case of a questionable or challenged identification form, to retain the identification form and the sealed ballot envelope together until the verification or challenge has been resolved; and in the event that more than one voting procedure is used, to verify that no eligible voter has voted more than one time;

(e) Ballots mailed to the tellers must be received by the tellers no later than midnight 5 days before the date of the annual meeting;

(f) Absentee ballots will be deposited in the ballot boxes to be taken to the annual meeting or included in a precourt in accordance with procedures specified in Article V, Section 2; and

(g) If a member has chosen to receive statements and notices electronically, the credit union may provide notices required in this section by email and provide instructions for voting via electronic means instead of mail ballots.]

Article Six. Board of Directors

Section 6.1. *Number of Members.* The board of directors consists of the number of members identified on the bylaws Addendum established by resolution of the board and neither fewer than 5 nor more than 15, all of whom must be natural person members of this credit union. ~~The number of directors may be changed to any odd number fewer than 5 nor more than 15.~~ 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 resolution of the board covering any increase or decrease in the number of directors must be recorded on ~~with~~ the official copy of the bylaws Addendum of this credit union.

Section 6.2. ~~*Composition of board.*~~ Which directors or committee members, if any, may be a paid employee of the credit union are indicated in the bylaws Addendum, and established by resolution of the board of directors. ~~Which immediate~~ family members and members of the household of a director or committee member may be a paid employee of the credit union, if any, are indicated in the bylaws Addendum and established by resolution of the board of directors. ~~In no case may~~ Employees, family members of employees, or members of the household of employees [*Select: shall not be members* OR shall not constitute a majority] of the board. [*Optional: The board may appoints* a management official who][*Select: shall not be a member of the board, OR may be a member of the board but shall not serve as the chair,*][*Optional: and one or more assistant management officials who*][*Select: each shall not be a member of the board. OR may each* be a member of the board but shall not serve as the chair. ~~If the~~

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~~management official or assistant management official is permitted to serve on the board, he or she may not serve as the chair.~~

Section 6.3. ~~Terms of Office.~~ Regular terms of office for directors must be for periods of 5 or fewer years as the board determines provided that the term of at least one board position ends at each annual meeting. All regular terms must be for the same number of years and until the election and qualification of successors. Regular terms must be fixed initially at organization the first meeting, or upon any increase or decrease in the number of directors, so that an approximately equal number of regular terms expire at each annual meeting.

Section 6.4. ~~Vacancies.~~ Any vacancy on the board [Mandatory, if applicable: credit committee] or supervisory committee will be filled within a reasonable time by vote of a majority of the directors then holding office. If all director positions become vacant simultaneously, the supervisory committee immediately becomes the temporary board of directors and must follow the procedures in ~~Article IX, Section 9.3.~~ Directors [Mandatory, if applicable: and credit committee members] appointed to fill a vacancy will hold office only until the next annual meeting, at which any unexpired terms will be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee appointed to fill a vacancy will 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. However, a vacancy after the nominating committee has filed its report but before the last board meeting of the term shall be filled by vote of a majority of the directors then holding office with the appointed director to serve until the annual meeting and the qualification of a successor. If, after an annual meeting, there remains one or more vacancies on the board, each shall be filled within a reasonable time by vote of a majority of the directors then holding office. If all director positions become vacant simultaneously, the supervisory committee immediately becomes the temporary board of directors and must follow the procedures in Section 9.3.

Section 6.5. ~~Regular and special Meetings.~~ A regular meeting of the board must be held each month at the time and place fixed by resolution of the board. [Optional: One regular meeting each calendar year must be conducted with a quorum of directors present in person. If a quorum is present in person for the annual in-person meeting, the remaining board members may participate using audio or video teleconference methods. The other regular meetings may be conducted using audio or video teleconference methods.] The chair, or in the chair's absence the ranking ~~vice chair officer,~~ may call a special meeting of the board at any time and must do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the chair, or in the chair's absence the ranking ~~vice chair officer,~~ will fix the time and place of special meetings. Notice of all meetings will be given in such manner as the board may from time to time by resolution prescribe. [Optional: Special meetings may be conducted using audio or video teleconference methods.]

Section 6.6. ~~Board Responsibilities.~~ The board has the general direction and control of the affairs of this credit union and is responsible for performing causing the accomplishment of all the duties customarily ~~performed by~~ pertaining to boards of directors. This includes but is not 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.

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(b) Establishing programs to achieve the purposes of this credit union as stated in ~~Article I~~ section 1.2, of these bylaws, and, as to committees not provided for in the Act, creating or abolishing such committees as it deems useful and appointing individuals to serve at the pleasure of the board on those committees.

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

(d) Establishing a policy to address training for newly elected and incumbent directors and volunteer officials, in areas such as ethics and fiduciary responsibility, regulatory compliance, and accounting ~~and.~~

(e) 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.

(f) [Mandatory if no credit committee: Reviewing denied loan applications of members who file written requests for such review, and, in its discretion, temporarily appointing to itself for the review of denied loan applications upon appeal of the applicant one or more employees as consulting loan officers that were not party to the loan denial.

(g) Appointing one or more loan officers [Optional: upon recommendation by the management official (and subject to removal thereby),] and delegating to those officers the power to approve or disapprove loans, lines of credit or advances from lines of credit.

(h) In its discretion, appointing a loan review committee to review loan denials and delegating to the committee the power to overturn denials of loan applications. The committee will function as a mid-level appeal committee for the board. Any denial of a loan by the committee must be reviewed by the board upon written request of the member. The committee must consist of three members and the regular term of office of the committee member will be for two years. Not more than one member of the committee may be appointed as a loan officer.

(i) Performing additional acts and exercising additional powers as may be required or authorized by applicable law.]

(f) [Mandatory if credit committee: Appointing ~~an odd number of credit committee members as provided in Article Eight of these bylaws.~~

(g) Performing additional acts and exercising additional powers as may be required or authorized by applicable law.]

Section 6.7. *Quorum.* A majority of the number of directors, including any vacant positions, constitutes a quorum for the transaction of business at any meeting, except that vacancies may be filled by a quorum consisting of a majority of the directors holding office as provided in Section 6.4. With less fewer than a quorum, the board may adjourn from time to time until a quorum is in attendance.

Section 6.8. *Attendance, and Removal.* a. If a director [Optional: or a credit committee member] fails to attend for 3 consecutive regular meetings of the board or credit committee, or any 4 meetings within any 12 consecutive meetings calendar year, or otherwise fails to perform any of the duties as a director [Optional: or credit committee member], the office [Select either: may be declared OR shall be deemed] vacant by the

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board and the vacancy filled as provided in the bylaws [Optional: unless specific consideration is given by the board for exceptional circumstances].

b. The board may remove any board officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

c. When any board director or officer [Optional: or membership officer][Optional: or committee member] is absent, disqualified, or otherwise unable to perform the duties of the office, the board may, by resolution, designate another member of this credit union to fill the position temporarily.

Section 6.9. ~~Suspension of Supervisory Committee Member~~ Suspension. Any member of the supervisory committee may be suspended by a majority vote of the board of directors. The members of this credit union will decide, at a special meeting held neither fewer than 7 days nor more than 14 days after any such suspension, whether the suspended committee member will be removed from or restored to the supervisory committee.

Article Seven. Board Officers, Management Officials [Optional: and Executive Committee]

Section 7.1. *Board Officers*. The board officers of this credit union are comprised of a chair, [Optional: vice chair,][Optional, choose: a financial officer OR a treasurer,] and a secretary, all of whom are elected by the board and from their number. The board determines the title and rank of each board officer and records them in the Addendum to ~~this Article these bylaws~~. [Select one: Only the one board officer to the extent indicated in the Addendum may be compensated for officer services OR No board officer may be compensated for officer services.] [Optional: The offices of the financial officer and secretary may be held by the same person.] ~~Unless removed as provided in these bylaws, the board officers elected at the first meeting of the board 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 7.2. ~~Election and Term of Office~~. Board officers elected at the meeting of the board next following the annual meeting of the members, which must be held not later than 20 7-days after the annual meeting, 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 ~~is elected by the board to serve~~ only for the unexpired term of such officer and until a successor is duly elected and qualified.

Section 7.3. ~~Duties of The Chair~~. The chair presides at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. The chair also performs such other duties customarily assigned to the office of the chair or ~~the duties he or she is as may be~~ be performed by resolution of the board not inconsistent with the Act and regulations and these bylaws.

Section 7.4. ~~Signatories Approval required~~. ~~The board must approve all individuals who are authorized to sign all notes of this credit union and all checks, drafts and other orders for disbursement of credit union funds.~~ No individual may be signatory to any note, check, draft, or other order for disbursement of credit union funds without authorization by the board.

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Section 7.5. ~~Vice Chair Ranking Officer Succession.~~ Each officer listed in the Addendum, in subsequent ranking, ~~The vice chair has and may exercise all the powers, authority, and duties of the chair during the chair's absence or inability to act.~~

Section 7.6. [~~Choose one: Executive OR General Manager OR Duties of Financial Officer~~]. ~~i. The financial officer manages this credit union, under the control and direction of the board, unless the board has appointed [Choose one: an executive OR general manager OR financial officer], titled as shown in the Addendum to these bylaws, management official to act as general manager. Subject to such limitations, controls and delegations as may be imposed by the board, the [Choose one: executive OR general manager OR financial officer] shall will:~~

(a) Have custody of all funds, securities, valuable papers and other assets of this credit union.

(b) 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 regulations and other guidance approved by the Administration [~~Mandatory for credit unions designated as small: including, for small credit unions, the Accounting Manual for Federal Credit Unions~~].

(c) Within ~~250~~ days after the close of each month, ensure that a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans is prepared and submitted to the board and post a copy of such statement in a conspicuous place in ~~each the~~ office of the credit union where it ~~must will~~ remain until replaced by the financial statement for the next succeeding month.

(d) Ensure that such financial and other reports as the Administration may require are prepared and sent.

(e) Within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove these employees.

(f) Perform other duties customarily appertain to the office of ~~the financial officer a general manager or together with the duties he or she is directed to be performed~~ by resolution of the board not inconsistent with the Act, regulations and these bylaws.

Section 7.7. [~~Choose: RESERVED OR Assistant Executive OR Assistant General Manager OR Assistant Financial Officer~~] ~~Duties of management official and assistant management official.~~ ~~The board may appoint a management official who is 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 6 of this article. The board will determine the title and rank of each management official and record them in the addendum to this article. The board may employ one or more assistant management officials. The board may authorize assistant management officials under the direction of the management official, the [Choose: executive OR general manager OR financial officer] to appoint one or more assistants, titled and ranked as indicated in the Addendum to these bylaws, to perform any of the duties devolving on the [Choose: executive OR general manager OR financial officer] management official, including the signing of checks [Optional: and. When designated by the board, any assistant management official may also act as management official during the management official's when the [Choose: executive OR~~

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general manager OR financial officer] is temporarily absent or unable to or temporary inability to act.

Section 7.8. ~~*Board powers regarding Employees.*~~ [Choose: The board delegates to the executive OR The board delegates to the general manager OR The board delegates to the financial officer OR The board has] the power to employ, fix the compensation, and prescribe the duties of employees as necessary, and has the power to remove employees, as necessary [Mandatory if power is delegated: unless it has delegated these withdraws the delegation of such powers to the financial officer or management official]. The management official may not hire nor retain as an employee any individual that has served as a volunteer official within the last two years without approval of the Board. Neither the board, the financial officer, nor the management official has However, the power and or duty to employ, prescribe the duties of, or remove necessary clerical and auditing assistance employed or used by the supervisory committee is solely within the discretion of the supervisory committee [Mandatory if credit committee applies: and, as to the if there is a credit committee, the power or duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee is solely within the discretion of the credit committee].

Section 7.9. ~~*Duties of The Secretary.*~~ The secretary prepares and maintains full and correct records of all meetings of the members and of the board, which records will be prepared within 147 days after the respective meetings. The board has the authority to approve the record of meetings of the members subject to subsequent ratification of the record by the members at the next regular meeting of members. The secretary must promptly inform the Administration in writing of any change in the address of the primary office of this credit union or the principal location of its ~~principal~~ records. The secretary will ~~give or cause to be given in the manner prescribed in these bylaws to members and directors, as appropriate, proper notice of all each meetings and minutes of the previous meeting in the manner prescribed in these bylaws, and perform other duties he or she as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws. [Optional: The board may employ one or more assistant secretaries authorizing them to serve under direction of the secretary to perform any of the duties assigned to the secretary, but none of whom may also be appointed hold office as chair, vice chair, or a board officer or as [Choose: executive OR general manager OR financial officer] and may authorize them under direction of the secretary to perform any of the duties assigned to the secretary.~~

Section 10. RESERVED OR [Optional: Executive committee. As authorized by the Act, 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 the board's specifically delegated functions. When making delegations to the executive committee, the board must be specific with regard to the committee's authority and limitations related to the particular delegation. The board may also authorize the executive committee any of the following to approve membership applications under conditions the board and these bylaws may prescribe: an executive committee; 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. No executive committee member or membership officer may be compensated as such.]

Section 11. RESERVED OR [Optional: Investment committee. The board may appoint an investment committee composed of not less than two members, to serve at its

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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.]

Section 7.12. RESERVED OR [Optional: Membership Officers. The board may authorize one or more membership officers appointed by the board from the membership other than a board member or officer, to serve at its pleasure to approve applications for membership under such conditions as the board and these bylaws may prescribe.]

Section 7.13. Addendum. The board must maintain a list the positions of each individual appointed to serve as a board officers and director (including each vacant position), officer rank for succession, and each [Choose: executive OR general manager OR financial officer] management officials (together with any assistant) of this credit union in an addendum document to these bylaws and may also include such other committees and members of committees, signatories, loan officers and membership officers as are appointed by the board. They are as follows:

[Editorial: The following Article Eight is the preference for amending the bylaws which eliminates all content]

Article Eight. Reserved Loan Officers

[Editorial: Only Bylaws Article Eight for the Option authorizing Loan Officers is included following and addressed here as the alternative to the preference above which eliminates all Article content (in favor of addressing the topic with rule content); the Credit Committee Option is not addressed here although we would expect that Option to remain if the amendment preference (to reserve the content) does not prevail.]

Article Eight. Loan Officers

Section 8.1. Records of loan officer; prohibition on loan officer disbursing funds Disbursement. Each loan officer must maintain a enter into credit union records of each loan transaction approved and each transaction not approved transaction within 7 days of the filing of the application or request and that record becomes a part of the records of the credit union. No individual may disburse funds of this credit union for any application or share withdrawal which the individual has approved as a loan officer.

Section 8.2. Duties of loan officer. For each loan or line of credit, the loan officer must inquire into the character and financial condition of the applicant and the applicant's 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 loan officers should endeavor diligently to assist applicants in solving their financial problems.

Section 8.3. Prohibitions. No loan or line of credit may be made unless approved by a loan officer in accordance with applicable law and regulations.

Section 8.4. Procedures. Subject to the limits imposed by applicable law and regulations, these bylaws, and the general policies of the board, a loan officer determines the security if any required for each application and the terms of repayment. The security furnished must 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 should be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

Article Nine. Supervisory Committee

Section 9.1. Appointment and membership. The supervisory committee is appointed by the board from among the members of this credit union [Optional: one of whom may be a director other than the [Choose: executive OR general manager OR financial officer]]

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or the compensated officer of the board]. The board determines the number of members on the committee, which is indicated in the Addendum to these bylaws ~~which may not be fewer than 3 nor more than 5~~. No [Mandatory if applicable: member of the credit committee, ~~if applicable~~, or] employee of this credit union may be appointed to the committee. Regular terms of committee members are for periods of 1, 2, ~~or 3~~, 4, or 5 years as the board determines: provided, however, that all regular terms are for the same number of years and until the appointment and qualification of successors. The regular terms are fixed at the beginning, or upon any increase or decrease in the number of committee members, so that an ~~an~~ approximately ~~an~~ equal number of regular terms expires at each annual meeting.

Section 9.2. ~~Officers of supervisory committee~~. The supervisory committee members choose from among their number a chair and a secretary. The secretary of the supervisory committee prepares, maintains, and has custody of full and correct records of all actions taken by it. The offices of chair and secretary may be held by the same person.

Section 9.3. ~~Duties of the supervisory committee~~. a. The supervisory committee makes, or causes to be made, the audits, and prepares and submits such written reports required by the Act and regulations. The committee may employ and use clerical and auditing assistance required to carry out its responsibilities prescribed by this article, and may request the board to provide compensation for such assistance. It will prepare and forward to the Administration required reports.

~~b. If all director positions become vacant simultaneously, the supervisory committee immediately assumes the role of the board of directors. The supervisory committee acting as the board must generally call and hold a special meeting to elect a board that will serve until the next annual meeting. The special meeting must occur at least 7 but no more than 14 days after all director positions became vacant, and candidates for the board at the special meeting may be nominated by petition or from the floor. However, if the next annual meeting has been scheduled and will occur within 45 days after all the director positions become vacant, the supervisory committee may decide to forego the special meeting and continue serving as the board until the election of new directors at the annual meeting.~~

~~c. If the next annual meeting has not been scheduled, but the month and day of the previous year's meeting plus 7 days falls within 45 days after all the director positions become vacant, the supervisory committee acting as the board may decide to forego the special meeting to elect new directors. In this case, the supervisory committee must schedule the annual meeting within 7 days before or after the month and day of the previous annual meeting and continue to serve as the board until directors are elected at the annual meeting.~~

~~d. The supervisory committee acting as the board may not act on policy matters. However, directors elected at a special meeting have the same powers as directors elected at the annual meeting.~~

Section 9.4. *Verification of Accounts*. The supervisory committee will cause the verification of the accounts of members with the records of the [Choose: executive OR general manager OR financial officer] from time to time and not less frequently than as required by the Act and regulations. The committee must maintain a record of this verification.

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~~Section 9.5. Powers of supervisory committee --- Removal of Directors, Officer [Mandatory if applicable: and credit committee members]. By unanimous vote, the supervisory committee may suspend until the next meeting of the members any director, or board officer [Mandatory if applicable: or member of the credit committee]. In the event of any suspension, the supervisory committee must call a special meeting of the members to act on the suspension, which meeting must be held ~~not~~ neither fewer than 7 days nor more than 14 days after the suspension. The chair of the committee acts as chair of the meeting unless the members select another person to act as chair.~~

~~Section 9.6. Powers of the supervisory committee --- Calling a Special Meetings. 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. The members at such a membership meeting may only replace one or more directors but may also act to call a subsequent special meeting of members, with proper notice, to consider other actions.~~

~~Section 9.7 Substitution for the board. a. If all director positions become vacant simultaneously, the supervisory committee immediately assumes the role of the board of directors. The supervisory committee acting as the board must generally call and hold a special meeting to elect a board that will serve until the next annual meeting. The special meeting must occur at least 7 days but no more than 14 days after all director positions became vacant, and candidates for the board at the special meeting may be nominated by petition or from the floor.~~

~~b. However, if the next annual meeting has been scheduled and will occur within 45 days after all the director positions become vacant, the supervisory committee may decide to forego the special meeting and continue serving as the board until the election of new directors at the annual meeting.~~

~~c. If the next annual meeting has not been scheduled, but the month and day of the previous year's meeting plus 7 days falls within 45 days after all the director positions become vacant, the supervisory committee acting as the board may decide to forego the special meeting to elect new directors. In this case, the supervisory committee must schedule the annual meeting within 7 days before or after the month and day of the previous annual meeting and continue to serve as the board until directors are elected at the annual meeting.~~

~~d. The supervisory committee acting as the board may not act on policy matters. However, directors elected at a special meeting have the same powers as directors elected at the annual meeting.~~

~~**Article Ten. RESERVED** (refer to {cite} for the Organization Meeting requirements of a Federal Credit Union)~~

~~**Article Eleven. Reserved Loans and Lines of Credit to Members**~~

~~Section 11.1. *Loan Purposes.* Loans may only be made to members and for provident or productive purposes in accordance with applicable law and regulations.~~

~~Section 11.2. *Delinquency.* Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.~~

~~**Article Twelve. Reserved Dividends**~~

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~~Section 12.1. *Power of the board to declare dividends.* The board establishes dividend periods and declares dividends as permitted by the Act and applicable regulations.~~

Article Thirteen. RESERVED

Article Fourteen. Expulsion and Withdrawal

Section 14.1. ~~*Expulsion Procedure; expulsion or withdrawal does not affect members' liability or shares.*~~ A member may be expelled by a two-thirds vote of the members present at a special meeting called for that purpose, but only after the member has been given the opportunity to be heard. A member also may be expelled under a nonparticipation policy adopted by the board of directors and provided to each member in accordance with the Act. Expulsion or withdrawal will 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, will be paid to them upon ~~in~~ the order of their withdrawal or expulsion, but only as funds become available and only after deducting any amounts due to this credit union.

Article Fifteen. Reserved Minors

Section 15.1. ~~*Minors permitted to own shares.* Shares may be issued in the name of a minor. State law governs the rights of minors to transact with this credit union.~~

Article Sixteen. General

Section 16.1. ~~*Compliance with law and regulation.*~~ All power, authority, duties, and functions of the members, directors, officers, and employees of this credit union, pursuant to the provisions of these bylaws, must 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 16.2. ~~*Confidentiality.*~~ The officers, directors, members of committees and employees of this credit union must hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except when permitted or required by state or federal law.

Section 16.3. ~~*Removal of directors and committee members*~~ Official. Notwithstanding any other provisions in these bylaws, any director or committee member 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 for the director or committee member to be heard. If member votes at a special meeting result in the removal of all directors, the supervisory committee immediately becomes the temporary board of directors and must follow the procedures in ~~Article IX, Section 9.3.~~

Section 16.4. ~~*Conflicts of Interest prohibited.*~~ No director, committee member, officer, agent, or employee of this credit union may participate in any manner, directly or indirectly, in the deliberation upon or the determination of any question affecting his or her pecuniary or personal interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he or she 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 must withdraw from such deliberation or determination; and if the remaining qualified directors present at the meeting plus the disqualified director or directors constitute a quorum, the remaining qualified directors may exercise with respect to this matter, by

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majority vote, all the powers of the board. In the event of the disqualification of any member of the [Mandatory, if applicable; credit committee, ~~if applicable~~, or] supervisory committee, that committee member must withdraw from the deliberation and action ~~or~~ determination.

Section 16.5. Records. Copies of the ~~charter organization certificate~~ of this credit union, its bylaws and any amendments thereof, and any special authorizations by the Administration must be preserved in a place of safekeeping. Copies of the charter organization certificate and field of membership amendments should be attached as an appendix to these bylaws. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors must be recorded in the minute books of this credit union. The minutes of ~~the~~ each meetings of the members, the board, and the committees must be signed by their respective chair or presiding officer and by ~~the each persons who serve~~ servicing as secretaries secretary of those meetings.

Section 16.6. Availability of credit union Records Availability. All books of account and other records of this credit union, except for personnel records of employees, must be available at all times to the directors and committee members of this credit union provided they have a proper purpose for obtaining the records. The charter and bylaws of this credit union must be made available for inspection by any member and, if the member requests a copy, it will be provided for a reasonable fee, if any.

Section 16.7. Member Addresses. Members must keep the credit union informed of their current address including their address for electronic communication for members who have opted to receive notices or statements electronically.

Section 16.8. Indemnification. (a) Subject to the limitations in §701.33(c)(5) through (c)(7) of the regulations, the credit union may elect to indemnify the following individuals from any liability asserted against them and expenses reasonably incurred by them in connection with judicial or administrative proceedings to which they are or may become parties by reason of the performance of their official duties to the greatest extent authorized by the laws of the state of {insert state name}[Optional: specific to {insert statute name and/or citation}] ~~Model Business Corporation Act: [Select as desired:~~ current officials, former officials, current employees, and former employees.

(b) The credit union may purchase and maintain insurance on behalf of the individuals indicated in (a) above against any liability asserted against them and expenses reasonably incurred by them in their official capacities and arising out of the performance of their official duties to the maximum extent such insurance is permitted by state law ~~or the Model Business Corporation Act~~.

~~(c) The term "official" in this bylaw means a person who is a member of the board of directors, supervisory committee, other volunteer committee (including appointed loan officers or membership officers), established by the board of directors.~~

Article Seventeen. Amendments of Bylaws and Charter Amendments

Section 17.1. Amendment Procedures. 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 of the board if the members of the board have been given prior written notice of the meeting and the notice has contained a copy of the proposed amendment or amendments. No

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amendment of these bylaws or of the charter may become effective, however, until approved in writing by the NCUA Board.

Article Eighteen. Definitions

Section 18.1. Bylaws General Definitions. 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) "Applicable law and regulations" means the Federal Credit Union Act and rules and regulations issued thereunder or other applicable federal and state statutes and rules and regulations issued thereunder as the context indicates ~~(such as The Higher Education Act of 1965)~~.
- (d) "Board" means the board of directors of the federal credit union.
- (e) "Charter" means the organization certificate approved by the NCUA as the charter most recently amended or restated.
- (f) "~~Immediate~~-Family member" means spouse, child, sibling, parent, grandparent, grandchild, stepparents, stepchildren, stepsiblings, and adoptive, foster, in-law, and in loco parentis relationships.
- (g) "Household" means all persons living in the same residence maintaining a single economic unit.
- (h) "NCUA Board" means the Board of the National Credit Union Administration.
- (i) "Official" means a person who is a member of the board of directors, credit committee, supervisory committee, other committee established by the board of directors, together with loan officers and membership officers.
- (j) "Regulation" or "regulations" means rules and regulations issued by the NCUA Board.
- (k) "Share" or "shares" means all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 18.2. Charter Definitions. As included in the definition of the field of membership in the organization certificate charter of this credit union (in the Appendix), the term or expression:

- (a) "Organizations of such persons" means an organization or organizations composed exclusively of persons who are within the field of membership of this credit union.
- (b) "Members of the immediate family" eligibility is limited to spouse, child, sibling, parent, grandparent or grandchild and includes stepparents, stepchildren, stepsiblings, adoptive, foster, in-law, and in loco parentis relationships.
- (c) "Household" is defined as persons living in the same residence maintaining a single economic unit.

Addendum: Directors, Officers, Signatories, and Officials [Sample Addendum]

Appendix: Current Organizational Certificate Charter