

UNIFY Financial Federal Credit Union

Bylaws

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BYLAWS

Federal Credit Union, Charter No. 15732

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

(Note: Except where indicated otherwise in these bylaws, the Credit Union has adopted the NCUA Federal Credit Union Bylaws as revised 10/99.)

Article I. Name – Purposes

Section 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 2. *Purposes.* 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, business or productive purposes.

Article II. Qualifications for Membership

Section 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. *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 board.

Upon approval of 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 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, the applicant is admitted to membership. If a membership application is denied, the reasons must be furnished in writing to the person whose application is denied, upon written request.

Section 3. *Maintenance of membership share required.* A member who withdraws all shareholdings or fails to comply with the time requirements in Article III, Section 3, ceases to be a member. By resolution, the board may require persons readmitted to membership to pay another entrance fee.

Section 4. *Continuation of membership.* Once a member becomes a member that person may remain a member until the person or organization chooses to withdraw or is expelled in accordance with the Act and Article XIV of these bylaws.

Section 5. *Member in good standing.* A member in good standing retains all their rights and privileges in the credit union. A member in good standing is a member who maintains at least the minimum share set forth in Article III, Section 1 of these bylaws; who is not significantly delinquent on any credit union loan; who has not had any account with this credit union closed due to abuse or negligent behavior; who has not caused a financial loss to this credit union; and who has not engaged in violent, belligerent, disruptive, or abusive activities, such as:

- (1) Violence, intimidation, threats, harassment or physical or verbal abuse of duly elected or appointed officials or employees of the credit union, members, or agents of the credit union. This includes actions while on credit union premises and through use of telephone, mail, email or other electronic method.
- (2) Causes or threatens damage to credit union property.
- (3) Unauthorized uses or access of credit union property.
- (4) Knowingly disseminating incorrect, misleading, confidential, or proprietary information regarding the credit union.
- (5) Any actions that may cause material risk or financial harm to the credit union.

A credit union may limit services for violent, belligerent, disruptive, or abusive activities only if there is a logical relationship between the objectionable activities and the services to be suspended. In the event of a suspension of service, the member will be notified of what accounts or services have been discontinued.

Subject to Article XIV of these bylaws and any applicable limitation of services policy approved by the board, members not in good standing retain their right to attend, participate, and vote at the annual and special meetings of the members and maintain a share account.

Article III. Shares of Members

Section 1. *Par value.* The par value of each share will be \$5. Subscription to shares are payable at the time of subscription, or in installments of at least \$1 per month.

Section 2. *Cap on shares held by one person.* The maximum amount of shares that may be held by any one member will be established from time to time by resolution of the board.

Section 3. *Time periods for payment and maintenance of membership share.* A member who fails to complete payment of one share within 6 months of admission to membership, or within 6 months from the increase in the par value of shares, or a member 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 6 months of the reduction may be terminated from

membership.

Section 4. *Transferability*. Members may transfer shares to another member in any form approved by the board. Shares that accrue credits for unpaid dividends retain those credits when transferred.

Section 5. *Withdrawals*. Members may withdraw money paid in on shares provided that:

- (a) The board has the right, at any time, to require members, or a subset of members, to give up to 60 days written notice of intention to withdraw all or part of the amounts they paid in.
- (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) A member delinquent on any loan or obligation to the credit union may not withdraw their shares below the delinquent amount without the written approval of the credit committee or loan officer. This withdrawal restriction also applies if the member is a comaker, endorser, or guarantor of a delinquent loan. 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) The board can impose a fee for excessive share withdrawals from regular share accounts. By resolution, the board can set the number of withdrawals not subject to a fee and the amount of the fee subject to regulations relevant to the advertising and disclosure of terms and conditions on member accounts.

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

Shares issued in a revocable trust—the settlor must be a member of this credit union in his or her own right.

Shares issued in an irrevocable trust—either the settlor or the beneficiary must be a member of this credit union.

Both a revocable and irrevocable trust must state the name of the beneficiary. A trust may be a member of the credit union as an entity if all parties to the trust, including all settlors, beneficiaries and trustees, are within the credit union's field of membership.

Shares issued through 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 7. *Joint accounts and membership requirements.* Each member must 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 not sufficient to establish membership.

Article IV. Meetings of Members

Section 1. *Annual meeting.* The board must hold the annual meeting of the members no later than the end of the second quarter, in the county in which any office of the credit union is located or within a radius of 100 miles of an office, at the time and place as the board determines and announces in the notice of the annual meeting. This credit union may permit virtual attendance and participation in the annual meeting, provided that an in-person meeting complying with the geographic requirements of this paragraph is also held.

Section 2. *Notice of meetings required.*

- (a) The Secretary must give written notice to each member at least 30 but no more than 75 days before the date of any annual meeting. The Secretary must give written notice to each member at least 7 days before the date of any special meeting of the members and at least 45 but no more than 90 days before the date of any meeting to vote on a merger with another credit union. The secretary may deliver the notice in person, by mail to the member's address, or, for members who have opted to receive statements and notices electronically, by electronic mail. The secretary must give notice of the annual meeting by posting the notice in a conspicuous place in the office of this credit union where members may read it at least 30 days before the meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all members entitled to voice, who are not present at the meeting, waive notice in writing, before, during or after the meeting. The secretary must also prominently display the notice on the credit union's website if such credit union maintains a website.
- (b) All special meeting notices must state the purpose of the meeting. The officials and members may only transact business related to the stated purpose at the meeting.

Section 3. *Special meetings.*

- (a) The board chair, the board of directors by majority vote, or the supervisory committee as provided in these bylaws may call a special meeting of the members. The chair must be called and hold a special meeting within 30 days of the receipt of a written request from 25 members or 5% of the members as of the date of the request, whichever number is larger. However, a request of no more than 750 members may be required to call a special meeting.

(b) The credit union may hold a special meeting at any location permitted for the annual meeting.

Section 4. *Items of business for annual meeting and rules of order for annual and special meetings.* The suggested order of business at annual meetings of members is-

- (a) Ascertainment that a quorum is present.
- (b) Reading and approval or correction of the minutes of the last meeting.
- (c) Report of directors, if there is one.
- (d) Report of the financial officer or the chief management official.
- (e) Report of the credit committee, if there is one.
- (f) Report of the supervisory committee, as required by Section 115 of the Act.
- (g) Unfinished business.
- (h) New business other than elections.
- (i) Elections.
- (j) Adjournment.

The order of business must comply with "Robert's Rules of Order."

Section 5. *Quorum.* Except as otherwise provided, 15 members constitute a quorum at annual or special meetings. If a quorum is not present the board may adjourn to a date at least 7 but not more than 14 days thereafter. The members present at any adjourned meeting will constitute a quorum, regardless of the number of members present. The board must give the same notice for the adjourned meeting as is prescribed in Section 2 of this article for the original meeting, except that they must give notice at least 5 days before the date of the meeting fixed in the adjournment.

Article V. Elections

In-person elections; nominating committee and nominations by petition

Section 1. *Nomination procedures.*

a. At least 120 days before each annual meeting the chair will appoint a nominating committee of three or more members. The nominating committee will nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee must widely publicize the call for nominations to all members by any medium and interview each member that meets any qualifications established by the nominating committee.

b. At least 90 days before the annual meeting, the nominating committee files its nominations with the secretary of the credit union. At least 75 days before the annual meeting, the secretary notifies, in writing, all members eligible to vote that they may make nominations for vacancies by petition signed by 1% of the members with a minimum of 20 and a maximum of 500. The secretary may use electronic mail to notify members who have opted to receive notices or statements electronically.

c. The written notice must specify that the credit union will not conduct the election by ballot and there will be no nominations from the floor when the number of nominees equals the number of open positions.

d. The notice will include, in a form approved by the board of directors, a brief statement of qualifications and biographical data for each nominee submitted by the nominating committee. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition.

e. The written notice must state the closing date for receiving nominations by petition. At least 40 days before the annual meeting, nominee(s) must file the nomination petition with the secretary of the credit union. To be effective, nominee(s) must include a signed certificate with the nomination petition stating that they are agreeable to nomination and will serve if elected to office.

f. At least 35 days before the annual meeting, the secretary will post the nominations by petition along with those of the nominating committee in a conspicuous place in each credit union office and on the credit union's website (if the credit union maintains a website).

Section 2. Election procedures.

a. The secretary must place all persons nominated by either the nominating committee or by petition before the members. When nominations are closed, the chair appoints the election tellers. The election tellers distribute the ballots, collect the ballots, and tally the votes, and the chair announces the results. Except when there is only one nominee for each open office, all elections are by ballot and determined by the plurality of vote.

b. There are no nominations from the floor if there are sufficient nominations by the nominating committee or by petition to provide at least one nominee for each open position. If

there are nominations from the floor and they result in more nominees than open positions, the chair will close nominations, and appoint election tellers. The election tellers distribute the ballots, collect the ballots and tally the votes, and the chair announces the results. If there is only one nominee for each open office, the chair may take a voice vote or declare the election of each nominee by general consent or acclamation.

Section 3 & 4 *Reserved*

Section 5. *One vote per member.* Irrespective of the number of shares, no member has more than one vote.

Section 6. *Reserved*

Section 7. *Minimum age requirement.* Members must be at least 18 years of age by the date of the meeting in order to vote at meetings of the members, sign nominating petitions, or sign petitions requesting special meetings. Members must be at least 21 years of age to hold elective or appointive office.

Article VI. Board of Directors

Section 1. *Number of members.* The board consists of nine directors, all of whom must be members. By resolution, the board may change the number of directors to an odd number not fewer than 5 nor more than 15. The board may not reduce the number of directors unless there is a corresponding vacancy as a result of a death, resignation, expiration of term of office, or other actions provided by these bylaws. The board must file a copy of the resolution covering any increase or decrease in the number of directors with the official copy of the bylaws.

Section 2. *Composition of board and committees.* No directors or committee members may be a paid employee of the credit union. No immediate family member of a director or committee member may be a paid employee of the credit union. In no case may employees and family members constitute a majority of the board. The board may appoint a management official who may not be a member of the board and one or more assistant management officials who may not be a member of the board. If the management official or assistant management official is permitted to serve on the board, he or she may not serve as the chair.

Section 3. *Terms of office.* Terms for directors are for periods of 2 or 3 years as decided by the board. All terms must be for the same number of years and until the election and qualification of successors. Terms are set and staggered at the first meeting or when the number of directors changes, so that approximately an equal number of terms expire at each annual meeting.

Section 4. *Vacancies.* The directors, by majority vote, will fill any vacancy on the board, credit committee, if applicable, or supervisory committee as soon as possible. If all positions become vacant at once, the supervisory committee immediately becomes the temporary board of directors and must follow the procedures in Article IX, Section 3. Directors and credit committee members so appointed to fill a vacancy hold office only until the next annual meeting. The FCU's members then vote to select a candidate to fill the remainder of the original director's unexpired term. Members of the supervisory committee appointed to fill a vacancy on the supervisory committee hold office through the remainder of the unexpired term.

Section 5. *Regular and special meetings.* The board must hold a regular meeting each month at the time and place fixed by resolution. The board must conduct one regular meeting each calendar year in person. If a quorum of the board is present for the in-person meeting, the remaining board members may participate by audio or video teleconference. The board may conduct other regular meetings by audio or video teleconference. The chair, or in the chair's absence the ranking vice chair, may call a special meeting of the board at any time and must do so upon written request of a majority of the directors. The chair, or in the chair's absence the ranking vice chair, will fix the time and place of special meetings unless the board directs otherwise. The board will give notice of all meetings in the manner set by resolution. The board may conduct special meetings by audio or video teleconference. The board may take action and vote on resolutions without a meeting. The board must first obtain unanimous consent for the action in writing or by electronically recorded means.

Section 6. *Board responsibilities.* The board has the general direction and control of the affairs of this credit union and is responsible for performing all the duties customarily performed by 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.
- b) Establishing programs to achieve the purposes of this credit union as stated in Article 1, section 2, of these bylaws.
- c) Establishing, a loan collection program and authorizing the charge-off 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 additional acts and exercising additional powers as may be required or authorized by applicable law.

- f) Reviewing denied loan applications of members who file written requests for such review.
- g) Appointing one or more loan officers 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 the 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.

Section 7. *Quorum.* A majority of directors, including any vacant positions, constitutes a quorum for the transaction of business at any meeting. A majority of the directors holding office constitutes a quorum to fill any vacancies as stated in Section 4 of this article. Less than a quorum may adjourn from time to time until a quorum is in attendance.

Section 8. *Attendance and removal.*

- (a) If a director or a credit committee member, if applicable, fails to attend regular meetings of the board or credit committee, respectively, for 3 consecutive months, 4 meetings within any 12 consecutive months or otherwise fails to perform any significant duties as a director or a credit committee member, the board may declare the office vacant and fill the vacancy as provided in the bylaws.
- (b) The board may remove any board officer from office for failure to perform any significant as an officer. Prior to removal, the board must give the officer reasonable notice and an opportunity to respond to the issues.
- (c) When any board officer, membership officer, executive committee member or investment 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. 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 9. *Suspension of supervisory committee members.* The board may suspend any member of the supervisory committee by a majority vote. In the event of a suspension, the board must hold a special meeting of the members at least 7 but no more than 14 days after any suspension. The members will decide whether to remove or to restore the suspended committee member of the supervisory committee.

Article VII. Board Officers, Management Officials and Executive Committee

Section 1. *Board Officers.* The board elects the following officers from their number: a chair, one or more vice chairs, a financial officer, and a secretary. The board determines the title and rank of each board officer and records them in the addendum to this article. The board may compensate one board officer, the Treasurer, for services as they determine. If the board elects more than one vice chair, the board determines their rank as first vice chair, second vice chair, and so on. The same person may hold the offices of the financial officer and secretary. If the board permits a management official or assistant management official to serve on the board, he or she may not serve as the chair. 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 2. *Election and term of office.* The Board must hold a meeting no later than 7 days after the annual meeting to elect officers. Board holds office for a 1 year term and until the election and qualification of their respective successors. 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 3. *Duties of 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 as customarily assigned to the office of the chair or as may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

Section 4. *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.

Section 5. *Vice chair.* The ranking 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 6. *Duties of financial officer.* The financial officer manages 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 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 the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.

- c) Within 20 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 the office of the credit union where it 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 such employees.
- f) Perform such other duties as customarily appertain to the office of the financial officer or as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws.

The board may employ one or more assistant financial officers, none of whom may also hold office as chair or vice chair, 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 financial officer's temporary absence or temporary inability to act.

Section 7. 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, 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 management official's temporary absence or temporary inability to act.

Section 8. Board powers regarding employees. The board employs, fixes the compensation, and prescribes the duties of such employees as may in the discretion of the board be necessary, and has the power to remove such employees, unless it has delegated these powers to the financial officer or management official. Neither the board, the financial officer, nor the management official has the power or duty to employ, prescribe the duties of, or remove necessary clerical and auditing assistance employed or utilized by the

supervisory committee and, 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.

Section 9. *Duties of 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 7 days after the respective meetings. The secretary must 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. The secretary will give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members, and perform such other duties as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws. The board may employ one or more assistant secretaries, none of whom may also hold office as chair, vice chair, or financial officer, and may authorize them under direction of the secretary to perform any of the duties devolving on the secretary.

Section 10. *Executive committee.* 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 11. *Investment committee.* 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 board must list the positions of the board officers and management officials of this credit union. They are as follows:

Position	Credit Union Title	Officer of Official Name
Board Chair	Chairman	Tony Tam
Vice Chair	Vice Chairman	Ron Robinson
Treasurer	Treasurer	Lloyd Mistele
Secretary	Secretary	Ross Mainwaring
Management Official	Chief Executive Officer	Gordon Howe

Article VIII. Loan Officers (No Credit Committee)

Section 1. *Records of loan officer; prohibition on loan officer disbursing funds.* Each loan officer must maintain a record of each approved or not approved transaction within 7 days of the filing of the application or request, and such 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 2. *Loan officer duties.* For each loan, the loan officer must review the character and financial condition of the applicant and their sureties, if any. The loan officer will ascertain the applicant's ability to fully and promptly repay the loan. The credit union may use an automated loan processing system to conduct this review, subject to the conditions set forth in Section 3, below. Where appropriate, the loan officers should provide, or refer applicants to, financial counseling assistance.

Section 3. *Unapproved loans prohibited.* No loan or line of credit may be made unless approved by a loan officer in accordance with applicable law and regulations.

Section 4. *Lending procedures.* The loan officer or automated lending system determines the required security, if any, and the terms of repayment for each application. All lending decisions and loan terms must comply with applicable law and regulation, these bylaws, and board policy. The security furnished must be adequate in quality and character as well as consistent with sound lending practices. When the credit union does not have funds available to make all the loans requested, the loan officer should give, in all cases, to the smaller applications if the need and credit factors are nearly equal.

Article IX. Supervisory Committee

Section 1. *Appointment and membership.* The supervisory committee is 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 determines the number of members on the committee, which may not be fewer than 3 nor more than 5. No member of the credit committee, if applicable, or any employee of this credit union may be appointed to the committee. Regular terms of committee members are for periods of 1, 2, or 3 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 approximately an equal number of regular terms expire at each annual meeting.

Section 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 3. Duties of supervisory committee.

a. The supervisory committee makes, or arranges for, the audits, and prepares and submits the written reports required by the Act and regulations. The committee may employ and use the clerical and auditing assistance required to carry out its responsibilities. The committee may request the board to provide compensation for this assistance. It will prepare and forward to the Administration required reports.

b. If all director positions become vacant at once, 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 board will serve until the next annual meeting. They must hold the special meeting at least 7 but no more than 14 days after all director positions became vacant. Nominations for the board at the special meeting are by petition or from the floor. However, the supervisory committee may forego the special meeting if the next annual meeting will occur within 45 days after all the director positions become vacant.

c. 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 4. Verification of accounts. The supervisory committee will cause the verification of the accounts of all members with the records of the 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 such verification.

Section 5. Powers of supervisory committee- removal of directors and credit committee members. By unanimous vote, the supervisory committee may suspend any director, board officer, or member of the credit committee. In the event of suspension, the supervisory committee must call a special meeting of the members to act on the suspension. They must hold the meeting at least 7 but no 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 6. Powers of supervisory committee- special meetings. By majority vote, the supervisory committee may call a special meeting of the members to: consider any violation of the provisions of the Act, the regulations, the credit union's charter or the bylaws or to consider any practice of this credit union the committee deems to be unsafe or unauthorized.

(Note: The following paragraph is inserted from the Credit Union's bylaws prior to October 14, 1999.)

The supervisory committee chair shall give notice to the board of directors prior to calling of the special meeting of the members. Upon receipt of such notice the board shall arrange to meet with the supervisory committee prior to or at the next regular board meeting to discuss the matters of concern. If agreement for settlement on any of the matters of concern cannot be reached, the supervisory committee may proceed with the calling of the special meeting of the members. *(End of insertion)*

Article X. Organization Meeting

Section 1. *Initial meeting.* When making an application for a federal credit union charter, the subscribers to the organization certificate must meet to elect a board of directors and a credit committee, if applicable. The Agency may revoke the charter for failure to start operations within 60 days after receipt of the approved organization certificate unless the Agency approves an extension of time.

Section 2. *Election of directors and credit committee.* The subscribers elect a chair and a secretary for the meeting. The subscribers then elect a board of directors and a credit committee, if applicable. The elected directors or committee members will hold office until the first annual meeting of the members and until the election of their respective successors. Every person elected under this section or appointed under section 3 of this article, must become a member within 30 days if they are not already. If any person elected as a director or committee member or appointed as a supervisory committee member does not become a member within 30 days of election or appointment, the office will automatically become vacant and be filled by the board.

Section 3. *Election of board officers.* Promptly after the elections held under the provisions of section 2 of this article, the board must meet to elect the board officers. The officers will hold office until the first meeting of the board of directors after the first annual meeting of the members and until the election of their respective successors. The board also appoints a supervisory committee at this meeting as provided in Article IX, section 1, of these bylaws and a credit committee, if applicable. The appointed members hold office until the first regular meeting of the board after the first annual meeting of the members and until the appointment of their respective successors.

Article XI Loans and Lines of Credit to Members

In connection with our desire to make Participation Loans the Board approved and we adopted in September 1999 a nonstandard bylaw. In a recent discussion with the NCUA in connection with a possible school Participation Loan with the Evangelical Christian Credit Union, NCUA recommended that we adopt the standard bylaw.

The standard bylaw is as follows:

Article XI. Loans and Lines of Credit to Members

Section 1. *Loan Purposes.* Loans may only be made to members and for provident or productive purposes in accordance with applicable law and regulations.

Section 2. *Delinquency.* Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.

*(Note: Board approved to adopt the above standard bylaw **Article XI Loans and Lines of Credit to Members** as requested. September 17, 2002)*

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 supervisory committee shall be in compliance with the Act and regulations. Directors or members of the 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 a loan officer and shall in each case set forth the security, if any, and such other data as may be required by the loan officers or by applicable law and regulations.

Section 8. Subject to the limitations of applicable law and regulations, any member whose loan is delinquent 15 days, or more may be required to pay a late charge not to exceed 5 percent of the principal and interest payment which is late. Within these limitations, the rate of late charges assessed on loans (including line of credit balances) may vary according to written classification established by the board of directors consistent with cooperative

principles and existing laws and regulations.

Article XII. Dividends

Section 1. *Power of board to declare dividends.* The board establishes dividend periods and declares dividends as permitted by the Act and applicable regulations.

Article XIII. Deposit of Funds

(Note: The Credit Union has retained Article XIII as it was prior to October 14, 1999 in its entirety, as follows.)

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 one (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 treasurer, manager, assistant treasurer, or an assistant manager and countersigned by the Chairman, or in his/her absence or inability to serve, by the ranking vice chairman: 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.

Article XIV. Expulsion and Withdrawal

Section 1. *Expulsion procedure; expulsion or withdrawal does not affect members' liability or shares.* A member may be expelled only in the manner provided by 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 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 XV. Minors

Section 1. *Minors permitted to own shares.* The credit union may issue shares in the name of a minor. State law governs the rights of minors to transact business with this credit union.

Article XVI. General

Section 1. *Compliance with law and regulation.* The members, directors, officers, and employees of this credit union must exercise all power, authority, duties, and according to the provisions of these bylaws in strict conformity with the provisions of applicable law and regulations, and of the credit union's charter and bylaws.

Section 2. *Confidentiality.* The officers, directors, members of committees and employees of this credit union must keep all member transactions and all information respecting their personal affairs in confidence unless otherwise directed by state or federal law.

Section 3. *Removal of directors and committee members.* 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 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 3.

Section 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 consideration or 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.

If the board receives a matter affecting any directors interest, the director must withdraw from the consideration or determination of that matter. If the remaining qualified directors present at the meeting, plus the disqualified director or directors constitute a quorum, the remaining qualified directors, by majority vote, may exercise with respect to this matter, all the powers of the board. In the event of the disqualification of any member of the credit committee, if applicable, or the supervisory committee that committee member must withdraw from the deliberation or determination.

Section 5. *Records.* The board must preserve copies of the organization certificate of this credit union, its bylaws and any special authorizations by the Administration. The board must attach copies of the organization certificate and field of membership amendments as an appendix to these bylaws. The board must record all returns of nominations, elections and proceedings of all regular and special meetings of the members and directors in the minutes of

this credit union. The respective chair or presiding officer and the person serving as secretary of the meeting must sign all minutes of the meetings of the members, the board, and the committees. All copies and records maintained under this section may be stored physically or electronically provided that the information is readily accessible to the directors, committee members of this credit union, members, and the Administration. Moreover, signatures may be provided electronically where permissible under federal or state law.

Section 6. Availability of credit union records. All books of account and other records of this credit union must be available upon request at all times to the directors, committee members of this credit union, and members provided they have a proper purpose for obtaining the records. If this credit union maintains a website currently or in the future, the board must post the bylaws of this credit union on the website. The board must also make the charter and bylaws of this credit union available for inspection by any member, upon request. If the member requests a copy of the charter or bylaws, the board will provide a copy to the member. The board may provide this copy to the member in physical or electronic copy. If the member requests a physical copy, the board may charge a reasonable fee for the physical copy.

(Note: The Credit Union has retained sections 7 and 8 of Article XVI, as they were prior to October 14, 1999, as follows.)

Section 7. Member contact information. Members must keep the credit union informed of their mailing address or, if the member has elected to receive electronic communications, their current email address.

(Note: The Credit Union updated Section 8 of Article XVI, due to a board resolution in May of 2019 – this change follows the NCUA Bylaws)

Section 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 to the extent authorized by (check one).

☐ Law of the State of _____:

☒ Model Business Corporation Act:

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 (check as appropriate).

☒ current officials

☒ former officials

☒ current employees

☒ former employees

(b) The credit union may purchase and maintain insurance on behalf of the individuals indicated in paragraph (a) of this section 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 extent such insurance is permitted by the applicable 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, credit committee, supervisory committee, other volunteer committee (including elected or appointed loan officers or membership officers), established by the board of directors.

Section 9. *Pronouns, Singular and Plural.* Unless the context requires otherwise, words denoting the singular may be construed as denoting the plural, words of the plural may be construed as denoting the singular, and words of one gender may be construed as denoting such other gender as is appropriate.

Article XVII Amendments of Bylaws and Charter

Section 1. *Amendment procedures.* The board may adopt amendments of these bylaws by an affirmative two-thirds vote of the directors. Written NCUA approval is required for the amendment of the bylaws to become effective. After adopting amendments, the credit union will update the bylaws posted on its website (if such credit union maintains a website) and ensure that members seeking to inspect the bylaws receive the most current version of the bylaws. To adopt amendments to the credit union's charter, board members must vote at a duly held meeting after receiving prior written notice of the meeting and a copy of the proposed amendment or amendments with the notice. Written NCUA approval is required for the amendment to the charter to become effective.

Article XVIII. Definitions

Section 1. *General definition.* 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.
- f) "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).
- g) "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.

h) "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 are not considered as a part of the surplus.

i) "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 term or expressions:

(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) "Immediate family member" eligibility is limited to spouse, child, sibling, parent, grandparent or grandchild. For the purposes of this definition, immediate family member includes stepparents, stepchildren, stepsiblings, and adoptive relationships.

(c) "Household" is defined as persons living in the same residence maintaining a single economic unit.