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Article I. Name - Purposes

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

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

Article II. Qualifications for Membership

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

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

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

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

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

Article III. Shares of Members

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

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

Section 3. The shareholdings of a member who fails to complete payment of one share within 6 months of his/her admission to membership, or of a member who reduces his/her share balance below \$5 and does not increase the balance to at least \$5 within 6 months of the reduction may be absorbed by a late charge upon authorization of the board.

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

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

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

(b) The board may determine that if shares are paid in under an accumulated payroll deduction plan, as prescribed in the Accounting Manual for Federal Credit Unions, they may not be withdrawn until credited to members accounts.

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

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

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

(f) The board shall have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject to a fee and the amount of the fee shall be established by board resolution and shall be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts.

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

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

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

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

Article IV. Receipting for Money---Passbooks

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

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

Article V. Meetings of Members

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

Section 2. At least 75 days before the date of any annual meeting or 7 days before the date of any special meeting of the members, the secretary shall cause written notice thereof to be handed to each member in person, or mailed to each member at his/her address as the same appears on the records of this credit union. The written notice for the annual meeting will advise the members of the various voting procedures that are available, the deadlines required by each method of voting, and the date and time of the annual meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote thereat who are not present at such meeting shall in writing waive notice thereof, before, during, or after the meeting.

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

Section 3. Special meetings of the members may be called by the president or by the supervisory committee as provided in these bylaws, and may be held at any location permitted for the annual meeting. A special meeting shall be called by the president within 30 days of the receipt of a written request of 25 members or 5 percent of the members as of the date of the request, whichever number is larger: Provided, however, That a request of no more than 200 members shall be required for such a meeting. A special meeting may also be called by the president upon a majority vote of the board of directors for which the board desires the members' opinions. Notice of a special meeting shall be given as provided in Section 2 of this article.

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

- (a) Ascertain that a quorum is present.
- (b) Reading and approval (or correction) of the minutes of the last meeting.
- (c) Report of directors.
- (d) Report of the treasurer or the manager
- (e) Report of the credit committee.
- (f) Report of the supervisory committee
- (g) Elections.
- (h) Unfinished business
- (i) New business
- (j) Adjournment

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

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

Article VI. Elections

Section 1. At least 120 days prior to each annual meeting the president shall appoint a nominating committee of not fewer than three members. It shall be the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee shall file its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary shall notify in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by one percent of the members with a minimum of 20 and a maximum of 500.

The written notice shall indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in such form as shall be approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition shall submit a similar statement of qualifications and biographical data with the petition. The written notice shall state the closing date for receiving nominations by petition. The period for receiving nominations by petition shall, in all cases, extend at least 30 days from the date the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective such nominations shall be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations shall be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary shall cause such nominations along with those of the nominating committee to be posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All elections shall be determined by plurality vote and shall be by ballot except where there is only one nominee for each position to be filled. Nominations shall not be made from the floor unless sufficient nominations have not been made by the nominating committee or by petition to provide for one nominee for each position to be filled or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee shall be filled. Only those positions without a nominee shall be subject to nominations from the floor. In the event nominations from the floor, when permitted herein, result in more than one nominee for a position to be filled, and when nominations have been closed, tellers shall be appointed by the president, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and the results announced. When only one member is nominated for each position to be filled, the chair may take a voice vote or declare each nominee elected by general consent or acclamation at the annual meeting.

Section 3. Nominations shall be in the following order:

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

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

Section 4. No member shall be entitled to vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee, or other person acting in a representative capacity, shall not, as such, be entitled to vote.

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

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

Section 7. The board may establish by resolution a minimum age, not greater than 16 years of age, as a qualification for eligibility to vote at meetings of the members and a minimum age, not greater than 18 years of age, as a qualification to hold elective or appointive office, or both.

Section 8. Except as provided in section 2 of this Article, the election shall be conducted by ballot boxes or voting machines subject to the following conditions:

- (a) The tellers of election shall be appointed by the board of directors.
- (b) Sufficient nominations having been made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary shall, at least 10 days prior to the annual meeting, cause ballot boxes and printed ballots, or voting machines, to be placed in conspicuous locations as determined by the board of directors with the names of the candidates posted near the boxes or voting machines. The name of each candidate shall be followed by a brief statement of qualifications and biographical data in such form as shall be approved by the board of directors.

(c) After the members have been given 24 hours to vote at conspicuous locations as determined by the board of directors, the ballot boxes or voting machines shall be opened, the vote shall be tallied by the tellers, the tallies shall be placed in the ballot boxes, and the ballot boxes shall be resealed. The tellers shall be responsible at all times for the ballot boxes or voting machines and the integrity of the vote. A record shall be kept of all persons voting and the tellers shall assure themselves that each person so voting is entitled to vote.

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(d) The ballot boxes shall be taken to the annual meeting by the tellers. At the annual meeting, printed ballots shall be distributed to those in attendance who have not voted and their votes shall be deposited in the ballot boxes placed by the tellers, before the beginning of the meeting, in conspicuous locations with the names of the candidates posted near them. After such members have been given an opportunity to vote at the annual meeting, balloting shall be closed, the ballot boxes shall be opened, the vote shall be tallied by the tellers and added to the previous count, and the president shall announce the result of the vote.

Article VII. Board of Directors

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

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

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

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

A regular meeting of the board as described in the above paragraph may be replaced by a conference telephone call meeting if the following conditions are met:

- (a) The board must be sufficiently geographically dispersed so that the holding of a regular meeting is impracticable.
- (b) A regular meeting must be convened, at a minimum, once each calendar quarter.
- (c) At least seven days prior to each conference telephone call meeting, the secretary shall cause the following information to be distributed to each director:
 - (1) Minutes of the previous meeting;
 - (2) Reports of officers, standing committees, or of any special committees;
 - (3) Special orders, or matters which have been assigned priority;
 - (4) Any written information on unfinished business or new business that has been given to the secretary by any director;

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(d) Minutes of conference telephone call meetings must be signed by each conferee at the next regularly convened meeting of the board at which the conferee is present.

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

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

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

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

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

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

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

Section 7. If a director fails to attend regular meetings of the board twice within 4 consecutive months, or otherwise fails to perform any of the duties devolving upon him/her as a director, his/her office may be declared vacant by the board and the vacancy filled as herein provided. The board may remove any executive officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

If a credit committee member fails to attend regular meetings of the credit committee for 3 consecutive months, or any 4 months in any calendar year, or otherwise fails to perform any duties devolving upon him/her as a credit committee member, his/her office may be declared vacant by the board and the vacancy filled as herein provided.

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

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

Article VIII. Executive Officers, Executive Committee, Investment Committee and Management Staff

Section 1. The executive officers of this credit union shall be a president, one or more vice presidents, a treasurer, and a secretary, all of whom shall be elected by the board and from their number. If more than one vice president is elected, the board shall determine their rank as first vice president, second vice president, et cetera. The offices of treasurer and secretary only may be held by the same person. Unless sooner removed as herein provided, the officers elected at

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the first meeting of the board shall hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

Section 2. Officers elected at the meeting of the board next following the annual meeting of the members, which shall be held not later than 7 days after the annual meeting, shall hold office for a term of 1 year and until the election and qualification of their respective successors: Provided, however, That any person elected to fill a vacancy caused by the death, resignation, or removal of an officer shall be elected by the board to serve for the unexpired term of such officer and until his successor is duly elected and qualified.

Section 3. The president shall preside at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. He/She shall countersign all notes of this credit union and all checks, drafts, and other orders for disbursement of its funds unless the board, by resolution, has eliminated the requirement of countersigning. The president shall also perform such other duties as customarily appertain to the office of president or as he/she may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

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

Section 5. The board may employ the treasurer as manager of this credit union or may compensate the treasurer for his/her services to such extent as may be determined by the board when the board has employed a separate manager. The treasurer shall be under the direction and control of the board. Subject to such limitations, controls and delegations as may be imposed by the board he/she shall:

- (a) Have custody of all funds, securities, valuable papers and other assets of this credit union.
- (b) Sign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds.
- (c) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.
- (d) Within 20 days after the close of each month, prepare and submit to the board financial statements showing the condition of this credit union as of the end of the month. He/she shall promptly post a copy of such statement in a conspicuous place in the office of this credit union where it will remain until replaced by the financial statements for the next succeeding month.
- (e) Prepare and forward to the Administration such financial and other reports as the Administration may require.
- (f) If so authorized by the board and within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees.
- (g) Perform such other duties as customarily appertain to the office of treasurer or as he/she may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

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

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Section 6. The board may employ a manager who shall be under the direction and control of the board or of the treasurer as determined by the board, except that a manager who is a member of the board shall be under the direction and control of the board. The manager, who is a member of the board, may not be the president or vice president. The manager may be assigned any or all of the responsibilities of the treasurer described in Section 5 of this article.

The board may employ one or more assistant managers, none of whom may also hold office as president or vice president. The board may authorize assistant managers under the direction of the manager, to perform any of the duties devolving on the manager, including the signing of checks. When designated by the board, any assistant manager may also act as manager during the temporary absence of the manager or in the event of his/her temporary inability to act.

Section 7. The board shall employ, fix the compensation, and prescribe the duties of such employees as may in the discretion of the board be necessary, and have the power to remove such employees, unless it has delegated these powers to the treasurer or manager; except that neither the board, the treasurer, nor the manager shall have the power or the duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee, or necessary clerical and auditing assistance employed or utilized by the supervisory committee: Provided, however, That no more than two directors may be paid employees of this credit union.

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

The board may employ one or more assistant secretaries, one of whom may hold office as president, vice president, or treasurer, and may authorize them under direction of the secretary to perform any of the duties devolving on the secretary.

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

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

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

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

Article IX. Credit Committee

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

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

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

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

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

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

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

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

Article X. Supervisory Committee

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

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

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

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

Section 5. By unanimous vote, the supervisory committee may suspend, until the next meeting of the members, any director, executive officer or member of the credit committee. Prior to such suspension the supervisory committee shall notify the official of the proposed suspension action and within 7 days after said notice give the official the opportunity to meet with the supervisory committee to be heard. In the event of any such suspension, the supervisory committee shall call a special meeting of the members to act on said suspension which meeting shall be held not fewer than 7 nor more than 14 days after such suspension. The chairman of the committee shall act as chairman of the meeting unless the members select another person to act as chairman.

Section 6. By 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 bylaws of this credit union, or to consider any practice of this credit union which the committee deems to be unsafe or unauthorized. The supervisory committee chairman shall give notice to the board of directors prior to the 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.

Article XI. Organization Meeting

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

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

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

Article XII. Loans to Members and Lines of Credit to Member

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

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

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

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

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

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

Section 8. Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.

Article XIII. Reserves

Section 1. All amounts as required by the Act and regulations, shall be set aside as a regular reserve: Provided, however, That when the regular reserve thus established shall reach the minimum balance required by the Act and regulations, no further transfers shall be required except up to such amounts permitted by law and as may be needed to maintain such minimum balance. Amounts in excess of the above requirements may be transferred to the regular reserve by authorization of the board. The regular reserve shall be used only for losses as authorized by applicable law and regulations.

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Section 2. In addition to the regular reserve, special reserves to protect the interests of members shall be established in accordance with the Act and regulations. The board may also authorize the establishment of any additional reserves which it deems necessary.

Article XIV. Dividends

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

Section 2. No dividend shall be declared or paid at a rate in excess of the maximum dividend rates set forth in regulations.

Article XV. Deposit and Disbursement of Funds--Investments and Borrowing

Section 1. All funds of this credit union, except for petty cash and cash change funds authorized by section 3 of this article, shall be deposited in such qualified depository or depositories, from among those authorized by applicable law and regulations, as the board may from time to time by resolution designate; and shall be so deposited not later than the one banking day after their receipt: Provided, however, That receipts in the aggregate of \$0 may be held as long as 1 week before they are deposited.

Section 2. All disbursements of funds of this credit union shall be made by checks or other written instruments signed by the treasurer, manager, assistant treasurer, or an assistant manager, and countersigned by the president, or in his absence or inability to serve, by the ranking vice president: 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 the 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 \$_____.

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 XVI. Expulsion and Withdrawal

Section 1. A member may be expelled only in the manner provided by the Act. Expulsion or withdrawal shall not operate to relieve a member of any liability to this credit union. All amounts paid in on shares by expelled or withdrawing members, prior to their expulsion or withdrawal, shall be paid to them in the order of their withdrawal or expulsion, but only as funds become available and only after deducting therefrom any amounts due from such members to this credit union.

Article XVII. Minors

Section 1. Shares may be issued in the name of a minor.

Article XVIII. Definitions

Section 1. When used in these bylaws the terms:

- (a) "Act" means the Federal Credit Union act, as amended.
- (b) "Administration" means the National Credit Union Administration.
- (c) "Administrator" means the Administrator of the National Credit Union Administration.
- (d) "Regulation" or "regulations" means rules and regulations issued by the Administrator of the National Credit Union Administration.
- (e) "Applicable law and regulations" means the Federal Credit Union Act and rules and regulations issued thereunder or other applicable Federal statutes and rules and regulations issued thereunder as the context indicates (such as the The Higher Education Act of 1965).
- (f) "Net Earnings," for a given period, means the balance remaining after deducting from the gross income of this credit union actually received during such period all expenses paid or payable during such period, and any losses sustained therein (as determined by the board) for which no specific reserve has been set aside. Amounts set aside during such period as a reserve shall not be deemed items of expense.
- (g) "Paid in and unimpaired capital", as of a given date, means the balance of the paid-in shares account as of such date, less any losses that may have incurred for which there is no reserve or which have not been charged against undividend 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 shall not be considered as a part of the surplus.
- (i) "Share" or "shares" mean all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 2. If included in the definition of the field of membership in the organization certificate (charter) of this credit union, the terms or expressions:

- (a) Members of their immediate families includes any relative by blood or marriage, or foster and adopted children, living under the same roof and in the same household.
- (b) "Organizations of such persons" means an organization or organizations composed exclusively of persons who are within the field of membership of this credit union.

Article XIX. General

Section 1. All power, authority, duties, and functions of the members, directors, officers, and employees of this credit union, pursuant to the provisions of these bylaws, shall be exercised in strict conformity with the provisions of applicable law and regulations, and of the charter and the bylaws of this credit union.

Section 2. The officers, directors, members of committees and employees of this credit union shall hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with:

- (a) The making of loans and extending lines of credit.
- (b) The collection of loans.
- (c) The guarantee of member share drafts by third parties.

In accordance with the above, the board of directors may authorize participation in:

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a. A credit reporting agency if it has determined that use of such an agency is essential in making of loans and extending lines of credit and that information supplied by the credit union concerning its members will be made available only to legitimate members belonging to that agency and persons who have a legitimate business need for information in connection with a business transaction involving a consumer.

b. A consumer reporting agency if it has determined that information supplied by the credit union is essential to the guarantee of member share drafts by that agency.

Section 3. Notwithstanding any other provisions in these bylaws, any director, committee member, officer, or employee of this credit union may be removed from office by the affirmative vote of a majority of the members present at a special meeting called for the purpose, but only after an opportunity has been given him to be heard.

Section 4. No director, committee member, officer, agent, or employee of this credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he is directly or indirectly interested. In the event of the disqualification of any director respecting any matter presented to the board for deliberation or determination, such director shall withdraw from such deliberation or determination; and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director or directors, may exercise with respect to this matter, by majority vote, all the powers of the board. In the event of the disqualification of any member of the credit committee or the supervisory committee, such committee member shall withdraw from such deliberation or determination.

Section 5. Copies of the organization certificate of this credit union, its bylaws and any amendments thereof, and any special authorizations by the Administration shall be preserved in a place of safekeeping. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors shall be recorded in the minute books of this credit union. The minutes of the meetings of the members, the board, and the committees shall be signed by their respective chairman or presiding officers and by the persons who serve as secretaries of such meetings.

Section 6. All books of account and other records of this credit union shall at all times be available to the directors and committee members of this credit union. The charter and bylaws of this credit union shall be made available for inspection by any member.

Section 7. Each member shall keep the credit union informed about his current address. In the event a member fails to do this, a charge may be made to the member's share account for the actual cost of necessary locator services incurred in determining such address: Provided, however, That the maximum amount of any such charge shall be established by the board of directors. Such charge shall be made only for amounts paid to a person or concern normally engaged in providing such service, and shall be made against the account or accounts of any one member not more than once in any 12-month period.

Article XX. Operations Following an Attack on the United States

Section 1. In the event of an attack upon the United States, the officers and employees of the credit union shall continue to conduct the affairs of the credit union under such guidance from the directors as may be available and subject to conformance with any governmental directives during the emergency.

Section 2. In the event of an attack upon the United States of sufficient severity to prevent the conduct and management of the affairs and business of the credit union by its regularly elected directors, officers, and properly constituted committees as contemplated by these bylaws, any three available members of the then incumbent board of directors shall constitute a quorum of the

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board of directors for the full conduct and management of the affairs and business of the credit union including the approval of loans to members if the regularly elected credit committee is not available. In the event of the unavailability at such time of three members of the board, the vacancies, in order to provide a quorum of three, shall be filled as follows:

(a) If the regularly elected president or a regularly elected vice president is not available, the available person who is highest on the succession list for president last authorized by the board of directors shall automatically become an acting director if he is not a member of the board and acting president.

(b) If the regularly elected treasurer is not available, the available person who is highest on the succession list for treasurer last authorized by the board of directors shall automatically become an acting director if he is not a member of the board and acting treasurer.

(c) If a third director is necessary to make a quorum, he shall be the next highest available person on the succession list for president or upon the exhaustion of such list, the next highest available person on the succession list for treasurer.

The quorum of the board of directors as regularly constituted or as constituted above shall appoint additional directors as necessary to provide for a full board of five members, provided that: If there is available an even number of regularly elected directors in excess of five, the board shall appoint one additional director, in which case, a quorum shall then be a majority of the full board thus constituted. Persons selected as provided in this section shall hold office only until their successors are elected at the next annual meeting or at a special meeting called for that purpose and until the qualification of their successors; provided that the person selected pursuant to subsection (a) shall hold office as acting president and as acting director only until the regularly elected president or a regularly elected vice president becomes available; and that the person selected pursuant to subsection (b) shall hold offices as acting treasurer and as acting director only until the regularly elected treasurer becomes available. This bylaw shall be subject to implementation by resolutions by the board of directors passed from time to time for that purpose, and any provisions of these bylaws (other than this section) and any resolutions which are contrary to the provisions of this section or to the provisions of any such supplementary resolutions shall be suspended until a regularly constituted board of directors can be obtained.

Section 3. In the event that the office of the credit union becomes unusable, as a result of an attack upon the United States, the credit union shall, if possible, establish temporary substitute quarters. The office of this credit union shall be established as soon as practicable thereafter at a suitable permanent location within the limits permitted by the charter of this credit union.

Article XXI. Amendments of Bylaws and Charter

Section 1. Amendments of these bylaws may be adopted and amendments of the charter requested by the affirmative vote of two-thirds of the authorized number of members of the board at any duly held meeting thereof if the members of the board have been given prior written notice of said meeting and the notice has contained a copy of the proposed amendment or amendments. No amendment of these bylaws or of the charter shall become effective, however, until approved in writing by the Administrator.

INTERNATIONALITES FEDERAL CREDIT UNION
BANK SECRECY ACT

PURPOSE/STATEMENT: In 1970, Congress enacted the Bank Secrecy Act (5 U. S. C. 1730-1959) to require financial institutions to maintain financial records of certain customer/member transactions and to require the reporting of certain foreign and domestic currency transactions. — The express purpose of the Bank Secrecy Act is to require the maintenance of those records and reports which have a high degree of usefulness in criminal and regulatory investigations and, in particular, those investigations aimed to deter white collar crime and tax evasion. On June 15, 1974, the Treasury was empowered to enforce the reporting of certain large currency transactions under the provisions of the Currency and Foreign Transaction Reporting Act (31 C.F.R. 103 et. seq.). The Secretary of the Treasury was also authorized by the Act to prescribe those regulations that he may deem appropriate for the purpose of enforcing the requirements of the Act.

In 1986, Congress passed the Anti-Drug Abuse Act, which included a number of amendments to the Bank Secrecy Act. The purpose of this policy is to comply with the National Credit Union Administration Board's directive to adopt a policy and maintain procedures that will assure compliance with the Bank Secrecy Act requirements.

The following establishes the INTERNATIONALITES FEDERAL CREDIT UNION BOARD'S POLICY and management operating guidelines necessary for complying with all provisions of the Bank Secrecy Act and the Currency and Foreign Transaction Reporting Act.

POLICY:

I. REPORTABLE CURRENCY TRANSACTIONS

A. Each deposit, withdrawal, exchange of currency or other payment transfers that involves a transaction in currency of more than \$10,000 will be reported. A "transaction in currency" involves the physical transfer of currency from one person to another. When one of these occur (see list below) a Currency Transaction Report form (4789) will be filled out on each.

1. Examples of reportable domestic transactions are:

Cash Transactions \$10,000 or more

- a. Check cashed for \$10,000 or more;
- b. Cash deposit of \$10,000 or more;
- c. Cashier's check purchased with cash of \$10,000 or more;
- d. New account opened with \$10,000 in cash;
- e. Exchange of currency----- small to large or vice versa; foreign to US or vice versa.
- f. Multiple cash transactions totaling \$10,000 or more made in one day or for one person, if the CU is aware of them.

II. INTERNATIONAL CURRENCY REPORTING

A. When transportation of more than \$10,000 cash into or out of the US occurs. A Currency and Monetary Instrument Report (CMIR) form 4790, must be filed. The credit union must file this form only when an employee physically transports the money.