

departed personnel through changing policy. If the indemnification provisions are set forth in the bylaws, any such retroactive removal of the provision would have to be approved by NCUA. The Board believes that this issue is of sufficient importance to warrant its inclusion in the bylaws. The final revised bylaws include an indemnification provision modeled after the FCU Bylaws.

Agency Publication of Final Bylaws and Adoption by Corporates

The final bylaws provide a user friendly document for the internal governance of corporate FCUs. Every effort was made to use plain English in the bylaws. The final bylaws are identical to the proposed bylaws except as noted above in the summary of comments. A table of contents will be provided in the agency's publication of the bylaws that is distributed to corporates.

Corporate FCUs are strongly encouraged to adopt the final revised bylaws, but are not required to do so and may continue to use their previously approved bylaws. The Board, in an effort to achieve maximum participation by corporate FCUs, will allow them to adopt portions of the revised bylaws, if a corporate FCU finds that adoption of the entire revised bylaws is impracticable. The Board cautions corporate FCUs adopting only a portion of the revised bylaws to use extreme care because they run the risk of having inconsistent or conflicting bylaw provisions. Although the Act requires corporate FCUs to use the bylaws published by NCUA, corporate FCUs will continue to have the flexibility to request a nonstandard bylaw amendment if the need arises. 12 U.S.C. 1758. A corporate FCU must obtain approval from the Director of OCCU to adopt a nonstandard bylaw.

By the National Credit Union Administration Board on May 22, 2003.

Becky Baker,
Secretary of the Board.

Bylaws

Federal Credit Union, Charter No. _____
(A corporation chartered under the laws of the United States)

Article I. 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) "Regulation" or "regulations" means rules and regulations issued by the National Credit Union Administration.

(d) "Share" or "shares" means any amount deposited for the credit of a member or other account holder and includes, but is not limited to, share accounts, share certificate accounts, share draft accounts, and nonmember accounts (however denominated) permitted by law.

(e) "Board" means board of directors of this corporate credit union.

Section 2. If included in the definition of the field of membership in the organization certificate (charter) of this corporate credit union, the term or expression "organizations of such members" means an organization or organizations composed of entities that are within the field of membership of this corporate credit union.

Article II. Name-Purposes

Section 1. The name of this corporate credit union is as stated in section 5 of the charter (approved organization certificate) of this corporate credit union.

Section 2. The purpose of this corporate credit union is to foster and promote the economic well-being, growth and development of its members through effective funds management, interlending, investment services and such other activities and services that may be beneficial to its members and are authorized by Act and regulations.

Article III. Membership

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

Section 2. Applications for membership eligibility under section 5 of the charter must be signed by the applicant on forms approved by the board. Upon approval of the application and upon subscription to a share with par value as established by the board in Article IV and the payment of a uniform entrance fee, if required by the board, the applicant is admitted to membership. Applications must be approved by a majority of the directors, a majority of the members of a duly authorized executive committee, or by a membership officer. If a membership application is denied, the reasons must be furnished in writing to the applicant upon written request.

Section 3. Membership of any member whose account contains less than the minimum required in Article IV, section 1 may be terminated in accordance with procedures established by the board of directors.

Section 4. Once a person or entity becomes a member that person or entity may remain a member until the person or organization chooses to withdraw or is expelled in accordance with the Act. A corporate credit union that wishes to restrict services to members no longer within the field of membership should specify the restrictions in this section. In the case of a member credit union that converts to another form of financial institution outside the field of membership, membership ceases at a mutually agreeable time not to exceed six months from the conversion date.

Section 5. A member may be expelled only in the manner provided by the Act.

Article IV. Shares of Members

Section 1. The par value of each share will be _____ (as determined by the board) and payable at the time of the subscription.

Section 2. Shares of a member may be transferred among the member's accounts or to another member in such manner as the board may prescribe.

Section 3. Unless otherwise provided by the board, shares may be withdrawn on any day when payment on shares may be made; provided that 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 corporate credit union.

Article V. Meetings of Members

Section 1. The annual meeting of the members must be held at such time and place as the board will determine and announce in the notice prescribed in section 2 of this Article.

Section 2. At least 75 days before the date of any annual meeting or 10 days before the date of any special meeting of the members, the secretary must give written notice to each member appearing on the records of this corporate credit union. Such notice must state the date, time, and location of the meeting and such other information as the board of directors determine consistent with these bylaws. 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, who are not present at the meeting, waive notice in writing, before, during, or after the meeting. The notice for the annual meeting will advise the members of the deadlines for elections.

In the case of members who have previously consented to the electronic delivery of documents, said notice may be sent by electronic mail to the e-mail address that appears on the records of the corporate credit union.

Section 3. Special meetings of the members may be called by the chair or the supervisory committee as provided in these bylaws, or by applicable law or regulation, and may be held at any place permitted for the annual meeting. A special meeting must be called by the chair within 45 days of receipt of a request of 5 percent of the members as of the day of request; provided that a request of no more than 100 members is required. Notice must be given as provided in section 2 of this article and must state the purpose for which it is to be held. No business other than that related to this purpose may be transacted at the meeting.

Section 4. The lesser of 15 members or 20 percent of the membership constitutes a quorum at any annual or special meeting. If a quorum is not present on the date first designated for the meeting, an adjournment may be taken to a date not fewer than 7 days or more than 30 days thereafter, and a second notice will be given to all members setting forth the date, time, and place of the adjourned meeting. The members then present constitute a quorum, regardless of the number of members present.